

SEPTEMBER 19–20, 2016
MONTEREY, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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September 19, 2016, 1:00 p.m. – 5:00 p.m.
September 20, 2016, 9:00 a.m. – 1:00 p.m.
Monterey Tides Hotel
2600 Sand Dunes Drive, Monterey, CA 93940**

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SEPTEMBER 19, 2016
MONTEREY, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

DAY 1



AGENDA ITEM A

Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

KEVIN J. ALBANESE

ROBERT LAMB

AUGIE BELTRAN

ED LANG

LINDA CLIFFORD

MARLO RICHARDSON

DAVID DE LA TORRE

FRANK SCHETTER

DAVID DIAS

PAUL SCHIFINO

SUSAN GRANZELLA

JOHNNY SIMPSON

JOAN HANCOCK

NANCY SPRINGER

PASTOR HERRERA JR.



AGENDA ITEM B

Public Comment for Items Not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Legislation



AGENDA ITEM C-1

Review, Discussion, and Possible Action Regarding Positions on 2016 Legislation:

- a. AB 1793 (Holden) Contractors: License Requirements: Recovery Actions
- b. AB 2486 (Baker) Contractors State License Board: License Search
- c. AB 2693 (Dababneh) Financing Requirements: Property Improvements
- d. AB 2859 (Low) Professions and Vocations: Retired Category: Licenses
- e. SB 66 (Leyva) Career Technical Education
- f. SB 465 (Hill) Contractors: Discipline: Reporting: Building Standards
- g. SB 661 (Hill) Protection of Subsurface Installations
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- j. SB 1348 (Canella) Licensure Applications: Military Experience
- k. SB 1479 (Business, Professions & Economic Development) Business and Professions



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 1793 (Holden)
Status/Location:	Amended 8/2/16 – Governor’s Desk
Subject:	Contractors: License Requirements: Recovery Actions
Code Section:	Business & Professions 7031

Summary

Note: The Senate Judiciary Committee amended out the provision of this bill that would have authorized a contractor to recover compensation during the period of time in which he or she was duly licensed.

Existing law (Business & Professions Code section 7031):

1. Authorizes a person who uses an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of compensation paid to the unlicensed contractor for performance of any act or contract.
2. Authorizes a court to determine that a contractor has substantially complied with licensure requirements, under limited circumstances.
3. Provides that the four criteria the court should consider to determine substantial compliance are that the contractor:
 - (a) Had been duly licensed as a contractor in this state prior to the performance of the act or contract;
 - (b) Acted reasonably and in good faith to maintain proper licensure;
 - (c) Did not know or reasonably should not have known that he or she was not duly licensed at the time when performance of the act or contract commenced; and
 - (d) Acted promptly and in good faith to reinstate his or her license upon learning it was invalid.

This bill:

1. Revises the criteria for the court to consider when determining if a contractor substantially complied with the law to eliminate the requirement that a contractor did not know or reasonably should not have known that he or she was not duly licensed to, instead, provide that the contractor acted promptly and in good faith to remedy the failure to comply with the licensure requirements upon learning of the failure.
2. Requires (rather than permits) a court to determine that a contractor is in compliance with the licensing requirements, if all of the conditions are met.

Comments:

The current provisions of Business & Professions (B&P) Code section 7031 that authorize a person who utilizes an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of all compensation paid to the unlicensed contractor for performance of any act or contract is broadly applied: If a contractor is unlicensed for any period of time during the performance of a contract a consumer can withhold payment or seek to recover all compensation already paid for the entire project.

Rulings from numerous court cases related to this statute are inconsistent, and its provisions have frequently been interpreted differently while their reach has expanded. Particular focus has centered on if an unlicensed contractor will be allowed to assert that it has substantially complied with the statute and derive compensation for its work.

In the case of *Alatrisme v. Cesar's Exterior Designs, Inc.* (2010), the Court of Appeal held in favor of the plaintiff, homeowner Alatrisme, who had contracted with Cesar's to perform landscaping work. Cesar's was unlicensed at the time it began work on the Alatrisme home, a fact that Cesar's maintained Alatrisme was well aware of. Following a dispute, Cesar's quit the job after five months. Alatrisme then sued Cesar's under various fraud theories, including a claim under Business & Professions Code §7031(b) to recover all monies paid to Cesar's. Alatrisme sought recovery for the total amount paid to the contractor because Cesar's was unlicensed at the time it performed the work. Cesar's argued that, under §7031(b), Alatrisme should be barred from obtaining reimbursement for all monies paid because he had prior knowledge that Cesar's was an unlicensed contractor. The appeals court affirmed the judgment that Alatrisme's prior knowledge of Cesar's unlicensed status did not bar his §7031(b) claim and rejected Cesar's claim that Alatrisme should not be reimbursed for work or materials paid for by Alatrisme during the time that Cesar's was properly licensed during performance of the work.

In *White v. Cridlebaugh* (2009), the appellate court concluded that the contractor was not qualified to be licensed because it did not have a qualified responsible managing officer or employee in place, and that its license, therefore, was suspended by operation of law. Hence, disgorgement under section 7031(b) was authorized. (The Whites retained Cridlebaugh and JC Master Builders, Inc. (collectively, the "contractor") to build them a log cabin. The Whites terminated the construction contract because of concerns over the contractor's billing and competency.) The court further considered if "the recovery of compensation authorized by section 7031(b) [may] be reduced by offsets for materials and service provided or by claims for indemnity and contribution." The court concluded that it may not, and that under the express terms of the statute, "unlicensed contractors are required to return all compensation received without reductions or offsets for the value of the materials or serviced provided."

In *Goldstein v. Barak Construction*, 164 Cal. App. 4th 845 (2008), the Court of Appeal rejected the contention that the amount of the judgment should be reduced by the amount earned by Barak after it became a licensed contractor. (In this case the

homeowners entered into a contract with Barak Construction to remodel their home in mid-June 2004. Barak began work on the project immediately, but did not obtain a contractor's license for the first time until mid-September 2004.)

In *Wright v. Issak* (2007), a licensed contractor was found to have significantly underreported his employee payroll for purposes of workers' compensation insurance and did not have workers' compensation insurance for the job in question. Under contractors' state license law, a license is automatically suspended for failure to obtain the required insurance. In this case, the contractor was required to disgorge all payment received under the contract.

In *MW Erectors, Inc. v. Niederhauser Ornamental and Metal Works Co., Inc.* (2005), the California Supreme Court held that the subcontractor, MW Erectors, could not recover any compensation whatsoever because it did not strictly comply with B&P Code §7031, as it had not obtained the proper specialty license until 18 days after commencing work on the project. The court did, however, reject the argument of general contractor Niederhauser, which had hired MW, that the subcontractor should also be denied recovery because it was not properly licensed when the contract was entered into. The court said that proper licensing need not be in effect at the time the contract was executed, so long as proper licensing was in place the entire time the work was performed.

In the California Supreme Court decision *Hydrotech Systems, Ltd. v. Oasis Water Park* (1991), the court found that a contractor without a California license could not recover unpaid compensation by citing alleged fraud of the part of the project owner based on his or her prior knowledge that the contractor was not licensed in the State.

Judicial Council of California v. Jacobs Facilities, Inc. (2015), involved a contract between the Administrative Office of the Courts (AOC) and Jacobs Engineering Group. While Jacobs was licensed at the time the contract was signed and work commenced, at some point during the course of the contract Jacobs, as part of a corporate restructuring, transferred the employees responsible for the contract to another wholly owned subsidiary, which resulted in the establishment of a new subsidiary that obtained a contractor's license, while the other existing license expired. AOC sued for disgorgement under B&P Code §7031, for the total amount paid under the contract, approximately \$18 million. The Court of Appeal found in favor of AOC.

Prior Legislation:

The Contractors State License Board (CLSB) sponsored legislation in 2013 (SB 263, Monning) to repeal B&P Code §7031 and replace it with language that would still have required a contractor to be licensed at all times, but would have allowed a court to determine that a contractor had substantially complied with the licensing requirement if he or she was licensed when the contract was signed, but subsequently performed work either out of class, under a suspended license, or under an expired or inactive license. CSLB did not succeed in pursuing amendments to B&P Code section 7031, as the Legislature views it as an important consumer protection that should not be weakened.

Support:

Air Conditioning Sheet Metal Association
Associated General Contractors
California Association of Sheet Metal and Air Conditioning Contractors California
Building Industry Association
California Chapters of the National Electrical Contractors Association
California Legislative Conference of the Plumbing, Heating, and Piping Industry
California Professional Association of Specialty Contractors
California State Building and Construction Trades Council
Construction Employers' Association
Northern California Allied Trades
Southern California Contractors Association
United Contractors
Wall and Ceiling Alliance
Western Line Constructors Chapter

Fiscal Impact for CSLB

None.

Board Position and Comments

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. While this bill does not directly affect the operation of CSLB, it could potentially improve the ability of licensed contractors to demonstrate compliance with the law.

Date: August 26, 2016

CHAPTER _____

An act to amend Section 7031 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1793, Holden. Contractors: license requirements: recovery actions.

Existing law, the Contractors' State License Law, creates the Contractors' State License Board within the Department of Consumer Affairs and provides for the licensure and regulation of contractors. Existing law authorizes a person who utilizes an unlicensed contractor to bring an action in any court of competent jurisdiction in this state for recovery of compensation paid to the unlicensed contractor for performance of any act or contract. Existing law authorizes a court to determine that a contractor has substantially complied with licensure requirements if specified conditions are met, including that the contractor did not know or should not reasonably have known, that he or she was not duly licensed when the performance under the contract occurred. Existing law also requires a contractor to demonstrate that he or she acted promptly and in good faith to reinstate his or her license upon learning it was invalid in order to meet substantial compliance of these licensure requirements.

This bill would revise certain of the criteria for a court to find that a contractor is in substantial compliance with the licensure requirements, including removing the condition that the contractor did not know or should not have reasonably have known, that he or she was unlicensed during performance of the contract.

The people of the State of California do enact as follows:

SECTION 1. Section 7031 of the Business and Professions Code is amended to read:

7031. (a) Except as provided in subdivision (e), no person engaged in the business or acting in the capacity of a contractor, may bring or maintain any action, or recover in law or equity in any action, in any court of this state for the collection of

compensation for the performance of any act or contract where a license is required by this chapter without alleging that he or she was a duly licensed contractor at all times during the performance of that act or contract regardless of the merits of the cause of action brought by the person, except that this prohibition shall not apply to contractors who are each individually licensed under this chapter but who fail to comply with Section 7029.

(b) Except as provided in subdivision (e), a person who utilizes the services of an unlicensed contractor may bring an action in any court of competent jurisdiction in this state to recover all compensation paid to the unlicensed contractor for performance of any act or contract.

(c) A security interest taken to secure any payment for the performance of any act or contract for which a license is required by this chapter is unenforceable if the person performing the act or contract was not a duly licensed contractor at all times during the performance of the act or contract.

(d) If licensure or proper licensure is controverted, then proof of licensure pursuant to this section shall be made by production of a verified certificate of licensure from the Contractors' State License Board which establishes that the individual or entity bringing the action was duly licensed in the proper classification of contractors at all times during the performance of any act or contract covered by the action. Nothing in this subdivision shall require any person or entity controverting licensure or proper licensure to produce a verified certificate. When licensure or proper licensure is controverted, the burden of proof to establish licensure or proper licensure shall be on the licensee.

(e) The judicial doctrine of substantial compliance shall not apply under this section where the person who engaged in the business or acted in the capacity of a contractor has never been a duly licensed contractor in this state. However, notwithstanding subdivision (b) of Section 143, the court may determine that there has been substantial compliance with licensure requirements under this section if it is shown at an evidentiary hearing that the person who engaged in the business or acted in the capacity of a contractor (1) had been duly licensed as a contractor in this state prior to the performance of the act or contract, (2) acted reasonably and in good faith to maintain proper licensure, and (3) acted promptly

and in good faith to remedy the failure to comply with the licensure requirements upon learning of the failure.

(f) The exceptions to the prohibition against the application of the judicial doctrine of substantial compliance found in subdivision (e) shall apply to all contracts entered into on or after January 1, 1992, and to all actions or arbitrations arising therefrom, except that the amendments to subdivisions (e) and (f) enacted during the 1994 portion of the 1993–94 Regular Session of the Legislature shall not apply to either of the following:

(1) Any legal action or arbitration commenced prior to January 1, 1995, regardless of the date on which the parties entered into the contract.

(2) Any legal action or arbitration commenced on or after January 1, 1995, if the legal action or arbitration was commenced prior to January 1, 1995, and was subsequently dismissed.

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	AB 2486 (Baker)
Status/Location:	Amended 4/25/16 – Governor’s Desk
Sponsor:	Associated Builders & Contractors
Subject:	Contractors’ State License Board: License Search By Location
Code Section:	Business & Professions 7018

Summary

This bill requires that, by January 1, 2019, the Contractors State License Board (CSLB) add a feature to its current online license check function that allows a consumer to search for a license contractor by either zip code or location.

Comments:

CSLB has looked at implementing a search feature by location during the past few years and it is currently a goal in the strategic plan. CSLB has discussed how to ensure that consumers receive the most useful information with this feature, as a licensee’s business name may not fully reflect the type of work he or she performs, and a licensee’s address of record may not reflect the geographic area where he or she works.

CSLB’s IT division is currently implementing changes to the Home Improvement Salesperson registration process, which will include this proposed search feature, and anticipates that it will be operational by next summer. Once that is complete, work will begin on expanding this feature to other licensees.

Amendments:

When first introduced this bill was permissive, rather than mandatory. While the bill now requires CSLB to add this feature, it does provide sufficient time for implementation.

Fiscal Impact for CSLB

Approximately \$100,000 in programming and website changes. CSLB will absorb this cost over multiple fiscal years.

Board Position and Comments

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. While this bill is not necessary, as CSLB can do this within its existing authority, the bill does CSLB address one of its strategic goals.

Date: August 25, 2016

CHAPTER _____

An act to add Section 7018 to the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 2486, Baker. Contractors' State License Board: license search by location.

The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board, which is within the Department of Consumer Affairs. Existing law requires the board to appoint a registrar and requires the registrar, as specified, to publish a list of the names and addresses of contractors registered under that law.

This bill would require the board, prior to January 1, 2019, to add an enhancement to the current contractor license check search function that would permit consumers to search for a licensed contractor by either ZIP Code or geographic location.

The people of the State of California do enact as follows:

SECTION 1. Section 7018 is added to the Business and Professions Code, to read:

7018. Prior to January 1, 2019, the board shall add an enhancement to the current contractor license check search function that permits consumers to search for a licensed contractor by either ZIP Code or geographic location.

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 2693 (Dababneh)
Status/Location: Amended 8/19/16 – Assembly Floor
Sponsor: California Association of Realtors and California Bankers Association
Subject: Financing Requirements: Property Improvements
Code Section: Government Code 53328.1; Streets & Highway Code 5989.15-5989.17

Summary:

This bill provides enhanced financial disclosures for consumers participating in a Property Assessed Clean Energy (PACE) Program.

Existing Law:

1. Provides authority for local governments to establish PACE Programs and to provide up-front financing to property owners to install renewable energy sources or energy efficiency improvements that are permanently fixed to their properties, which is repaid through the property tax system.
2. Most PACE programs are implemented and administered under two statutory frameworks: AB 811 (Levine), Chapter 159, Statutes of 2008, amended the Improvement Act of 1911 to allow for voluntary contractual assessments to finance PACE projects, and SB 555 (Hancock), Chapter 493, Statutes of 2011, which amended the Mello-Roos Community Facilities District Act to allow for Mello-Roos special taxes (parcel taxes) to finance PACE projects.

This bill:

1. Contains legislative findings and declarations, including that the consumer obligation to repay voluntary contractual assessments created by PACE is sometimes misunderstood and may affect consumers' ability to refinance their loan or sell their property.
2. Prohibits a public agency from permitting a property owner's participation in any PACE program if any of the following apply:
 - (a) Participation would result in the total amount of the annual property taxes and assessments to exceed 5 percent of the property's fair market value.
 - (b) The property does not comply with specified conditions of existing law related to PACE financing (such as being current on property taxes, and that financing is for less than 15 percent of the value of property, etc.).
3. Requires the property owner be provided with two copies of the right to cancel document.

Background:

AB 811 (Levine, Chapter 159, Statutes of 2008) authorized the use of PACE assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property. The intent of the PACE Program is that the assessment or parcel tax remains with the property even if it is sold or transferred, and that the improvements must be permanently fixed to the property.

In California, there are several models available to local governments in administering a PACE program. Only the counties of Sonoma and Placer administer their own PACE programs. The majority of local governments contract with a private third-party or join a Joint Powers Authority, which contracts with a private third-party to carry out their PACE programs. The cost of third-party administration is not borne by the local agency, but is built into PACE loan financing. Some of these programs focus on residential projects, others target commercial projects, and some handle both residential and commercial portfolios.

Comments:

According to the author, AB 2693 responds to a concern that PACE financing extends credit secured by a home without providing truth-in-lending disclosures and without the underwriting safeguards applicable to other consumer loans. Some consumers have complained about misleading marketing campaigns related to PACE and receiving insufficient information about a PACE lien's interaction with their residential mortgage agreements.

Priority Lien Status:

This bill no longer addresses the status of a PACE lien, another issue related to PACE participation. PACE loans are a first-priority lien in the case of foreclosure and outstanding PACE assessments are paid before mortgage costs. This has affected some homeowners with a PACE lien when they try to sell or refinance their homes. In 2010, the Federal Housing Financing Agency, which oversees the nation's largest mortgage finance companies, Fannie Mae and Freddie Mac, raised concerns that residential PACE financing could pose a risk for federal mortgage enterprises, because PACE loans are a first-priority lien.

Support (from Senate Governance & Finance Committee analysis):

California Association of Realtors; California Bankers Association; California Credit Union League; California Escrow Association; California Land Title Association; California Mortgage Association; California Mortgage Bankers Association; United Trustees Association; 1st Northern California Credit Union; America's United Bank; Bank of America; California Association of County Treasurers & Tax Collectors; California Coast Credit Union; California Community Banking Network; California Land Title Association; Central Valley Community Bank; Comerica Bank; Commonwealth Central Credit Union; Community West Bank; El Dorado Savings Bank; F&M Bank; First Choice Bank; Heritage Community Credit Union; Neighborhood National Bank; Patelco Credit Union; Provident Credit Union; Sacramento Credit Union; SAFE Credit Union;

San Diego County Credit Union; San Francisco Federal Credit Union; Schools Financial Credit Union; Sierra Central Credit Union; Star One Credit Union; Star One Credit Union; Valley First Credit Union; Valley Republic Bank.

Opposition (from Senate Judiciary Committee analysis):

California Solar Energy Industries Association; Renew Financial; Renovate America

Fiscal Impact for CSLB:

None, this bill does not impact CSLB.

Board Position and Comments:

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. While this bill does not directly impact CSLB, it does address an issue of interest to the Board, by providing an additional disclosure to homeowners to better inform them of their obligations under these contracts. In 2010, CSLB received 59 complaints on solar projects, a number that has increased each year, such that in 2015 CSLB received 274 complaints. Consumers face several issues related to the growing solar economy, including a general lack of specificity in solar contracts, complex finance agreements, and unclear estimates of solar savings when systems perform below expectations. While a large majority of contractors are performing well and many consumers are satisfied with their systems, CSLB believes additional consumer disclosures are necessary to help address the recurrent problems identified in the growing number of complaints it has received.

Date: August 25, 2016

AMENDED IN SENATE AUGUST 19, 2016
AMENDED IN SENATE AUGUST 2, 2016
AMENDED IN SENATE JUNE 22, 2016
AMENDED IN SENATE JUNE 6, 2016
AMENDED IN ASSEMBLY MAY 10, 2016
AMENDED IN ASSEMBLY APRIL 28, 2016
AMENDED IN ASSEMBLY APRIL 11, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2693

Introduced by Assembly Member Dababneh
(Coauthors: Assembly Members Travis Allen, Hadley, and Linder)

February 19, 2016

An act to amend Section 53328.1 of the Government Code, and to amend Section 5898.15 of, to amend, renumber, and add Section 5898.16 of, and to add Section 5898.17 to, the Streets and Highways Code, relating to property improvements.

LEGISLATIVE COUNSEL'S DIGEST

AB 2693, as amended, Dababneh. Financing requirements: property improvements.

(1) Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary

contractual assessments to finance certain improvements, including the installation of distributed generation renewable ~~energy sources or sources~~, energy or water efficiency ~~improvements improvements~~, seismic strengthening improvements, or electric vehicle charging infrastructure that are permanently fixed to real property, as specified.

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions unless the property owner satisfies certain conditions and the property owner is given the right to cancel the contractual assessment at any time prior to midnight on the 3rd business day after certain events occur without penalty or obligation, consistent with certain requirements. The bill would require a financing estimate document or a substantially equivalent document to be completed and delivered to a property owner at least 3 business days before the property owner consummates a voluntary contractual assessment pursuant to one of these programs. The bill would prohibit a public agency or other party to a voluntary contractual assessment pursuant to one of these programs to make any *monetary or percentage representations of increased value* to a property owner regarding the effect the financed improvements will have on the market value of the property unless the public agency or other party derives its estimates of market value using specified methods.

This bill would limit these provisions to a property owner who seeks to participate in a program established to finance the installation of distributed generation renewable ~~energy sources or sources~~, energy or water efficiency ~~improvements improvements~~, seismic strengthening improvements, or electric vehicle charging infrastructure that are permanently fixed to real property pursuant to these provisions for a residential property with 4 or fewer units.

(2) The Mello-Roos Community Facilities Act of 1982 specifies the requirements for the establishment of a community facilities district, including, among other things, a petition, a hearing, the establishment of the boundaries of the community facilities district, and an election on the question. Existing law authorizes a community facilities district formed pursuant to an alternative procedure under which the district

initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements.

This bill would require a legislative body to comply with the requirements described above prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to the alternative procedure. The bill would prohibit a parcel or parcels from being annexed to a community facilities district formed pursuant to the alternative procedure *if the parcel owner is seeking financing for improvement on a residential property with 4 or fewer units*, unless the parcel satisfies specified conditions.

This bill would incorporate additional changes to Section 53328.1 of the Government Code proposed by AB 2618 to be operative only if AB 2618 and this bill are chaptered and become effective on or before January 1, 2017, and this bill is chaptered last.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) The Property Assessed Clean Energy program has been
- 4 promoted in California widely as an innovative and alternative
- 5 form of financing for environmental improvements for the benefit
- 6 of the public and California's environment.
- 7 (2) The promotion of the Property Assessed Clean Energy
- 8 financing is now a popular and widespread form of alternative
- 9 financing for consumers seeking solar energy, water conservation,
- 10 energy efficiency, and earthquake retrofitting improvements to the
- 11 benefit of all Californians.
- 12 (3) The consumer obligation to repay voluntary contractual
- 13 assessments created by the Property Assessed Clean Energy
- 14 program is sometimes misunderstood and may affect the
- 15 consumer's ability to refinance their loan or sell their property.
- 16 (4) Making residential real estate secured loans to consumers
- 17 through Property Assessed Clean Energy financing for home

1 improvements has grown rapidly, raising questions as to whether
2 the Property Assessed Clean Energy program is adequately
3 supported by government regulation.

4 (5) The passage of this act is essential to promote standardized
5 disclosures and protections for consumers to ensure that the
6 Property Assessed Clean Energy program can continue to be widely
7 used to offset the adverse impacts of years of climate change.

8 (b) This act shall be known, and may be cited, as the PACE
9 Preservation and Consumer Protections Act.

10 SEC. 2. Section 53328.1 of the Government Code is amended
11 to read:

12 53328.1. (a) As an alternate and independent procedure for
13 forming a community facilities district, the legislative body may
14 form a community facilities district that initially consists solely
15 of territory proposed for annexation to the community facilities
16 district in the future, with the condition that a parcel or parcels
17 within that territory may be annexed to the community facilities
18 district and subjected to the special tax only with the unanimous
19 approval of the owner or owners of the parcel or parcels at the
20 time that the parcel or parcels are annexed. In that case, the
21 legislative body shall follow the procedures set forth in this article
22 for the formation of a community facilities district, with the
23 following exceptions:

24 (1) The legislative body shall not be obligated to specify the
25 rate or rates of special tax in the resolution of intention or the
26 resolution of formation, provided that both of the following are
27 met:

28 (A) The resolution of intention and the resolution of formation
29 include a statement that the rate shall be established in an amount
30 required to finance or refinance the authorized improvements and
31 to pay the district's administrative expenses.

32 (B) The maximum rate of special tax applicable to a parcel or
33 parcels shall be specified in the unanimous approval described in
34 this section relating to the parcel or parcels.

35 (2) The legislative body shall not be obligated to specify in the
36 resolution of intention the conditions under which the obligation
37 to pay the specified special tax may be prepaid and permanently
38 satisfied. Instead, a prepayment provision may be included in the
39 unanimous approval of the owner or owners of each parcel or

1 parcels at the time that the parcel or parcels are annexed to the
2 community facilities district.

3 (3) In lieu of approval pursuant to an election held in accordance
4 with the procedures set forth in Sections 53326, 53327, 53327.5,
5 and 53328, the appropriations limit for the community facilities
6 district, the applicable rate of the special tax and the method of
7 apportionment and manner of collection of that tax, and the
8 authorization to incur bonded indebtedness for the community
9 facilities district shall be specified and be approved by the
10 unanimous approval of the owner or owners of each parcel or
11 parcels at the time that the parcel or parcels are annexed to the
12 community facilities district. No additional hearings or procedures
13 are required, and the unanimous approval shall be deemed to
14 constitute a unanimous vote in favor of the appropriations limit
15 for the community facilities district, the authorization to levy the
16 special tax on the parcel or parcels, and the authorization to incur
17 bonded indebtedness for the community facilities district.

18 (4) Notwithstanding Section 53324, this paragraph establishes
19 the applicable protest provisions in the event a local agency forms
20 a community facilities district pursuant to the procedures set forth
21 in this section. If 50 percent or more of the registered voters, or
22 six registered voters, whichever is more, residing within the
23 territory proposed to be annexed to the community facilities district
24 in the future, or if the owners of one-half or more of the area of
25 land proposed to be annexed in the future and not exempt from
26 the special tax, file written protests against establishment of the
27 community facilities district, and protests are not withdrawn so as
28 to reduce the protests to less than a majority, no further proceedings
29 to form the community facilities district shall be undertaken for a
30 period of one year from the date of decision of the legislative body
31 on the issues discussed at the hearing. If the majority protests of
32 the registered voters or of the landowners are only against the
33 furnishing of a specified type or types of facilities or services
34 within the district, or against levying a specified special tax, those
35 types of facilities or services or the specified special tax shall be
36 eliminated from the resolution of formation.

37 (5) The legislative body shall not record a notice of special tax
38 lien against any parcel or parcels in the community facilities district
39 until the owner or owners of the parcel or parcels have given their
40 unanimous approval of the parcel's or parcels' annexation to the

1 community facilities district, at which time the notice of special
2 tax lien shall be recorded against the parcel or parcels as set forth
3 in Section 53328.3.

4 (b) Notwithstanding the provisions of Section 53340, after
5 adoption of the resolution of formation for a community facilities
6 district described in subdivision (a), the legislative body may, by
7 ordinance, provide for the levy of the special taxes on parcels that
8 will annex to the community facilities district at the rate or rates
9 to be approved unanimously by the owner or owners of each parcel
10 or parcels to be annexed to the community facilities district and
11 for apportionment and collection of the special taxes in the manner
12 specified in the resolution of formation. No further ordinance shall
13 be required even though no parcels may then have annexed to the
14 community facilities district.

15 (c) The local agency may bring an action to determine the
16 validity of any special taxes levied pursuant to this chapter and
17 authorized pursuant to the procedures set forth in this section
18 pursuant to Chapter 9 (commencing with Section 860) of Title 10
19 of Part 2 of the Code of Civil Procedure. Notwithstanding Section
20 53359, if an action is brought by an interested person pursuant to
21 Section 863 of the Code of Civil Procedure to determine the
22 validity of any special taxes levied against a parcel pursuant to
23 this chapter and authorized pursuant to the procedures set forth in
24 this section, the action shall be brought pursuant to Chapter 9
25 (commencing with Section 860) of Title 10 of Part 2 of the Code
26 of Civil Procedure, but shall, notwithstanding the time limits
27 specified in Section 860 of the Code of Civil Procedure, be
28 commenced within 15 days after the date on which the notice of
29 special tax lien is recorded against the parcel. Any appeal from a
30 judgment in any action or proceeding described in this subdivision
31 shall be commenced within 30 days after entry of judgment.

32 (d) A community facilities district formed pursuant to this
33 section may only finance facilities pursuant to subdivision (l) of
34 Section 53313.5.

35 (e) (1) The legislative body shall comply with the requirements
36 specified in Sections 5898.16 and 5898.17 of the Streets and
37 Highways Code prior to the annexation of a parcel or parcels to a
38 community facilities district formed pursuant to this section.

39 (2) A parcel or parcels shall not be annexed to a community
40 facilities district formed pursuant to this section *if the parcel owner*

1 *or owners are seeking financing for improvement on a residential*
2 *property with four or fewer units, unless the parcel complies with*
3 *the conditions specified in paragraphs (1) to (5), inclusive, and*
4 *paragraph (8), and, in addition, for properties with energy*
5 *efficiency improvements specified under subdivision (l) of Section*
6 *53313.5, paragraph (7), of subdivision (a) of Section 26063 of the*
7 *Public Resources Code and in subdivision (b) of Section 10081*
8 *of Title 4 of the California Code of Regulations. Code.*

9 (f) In connection with formation of a community facilities
10 district and annexation of a parcel or parcels to the community
11 facilities district pursuant to this section, and the conduct of an
12 election on the proposition to authorize bonded indebtedness
13 pursuant to the alternate procedures set forth in Section 53355.5,
14 the local agency may, without additional hearings or procedures,
15 designate a parcel or parcels as an improvement area within the
16 community facilities district. After the designation of a parcel or
17 parcels as an improvement area, all proceedings for approval of
18 the appropriations limit, the rate and method of apportionment and
19 manner of collection of special tax and the authorization to incur
20 bonded indebtedness for the parcel or parcels shall apply only to
21 the improvement area.

22 (g) In connection with a community facilities district formed
23 under this section, as an alternate and independent procedure for
24 making the changes described in Section 53330.7, the changes
25 may be made with the unanimous approval of the owner or owners
26 of the parcel or parcels that will be affected by the change and
27 with the written consent of the local agency. No additional hearings
28 or procedures are required, and the unanimous approval shall be
29 deemed to constitute a unanimous vote in favor of the proposed
30 changes. If the proceeds of a special tax are being used to retire
31 any debt incurred pursuant to this chapter and the unanimous
32 approval relates to the reduction of the special tax rate, the
33 unanimous approval shall recite that the reduction or termination
34 of the special tax will not interfere with the timely retirement of
35 that debt.

36 *SEC. 2.5. Section 53328.1 of the Government Code is amended*
37 *to read:*

38 53328.1. (a) As an alternate and independent procedure for
39 forming a community facilities district, the legislative body may
40 form a community facilities district that initially consists solely

1 of territory proposed for annexation to the community facilities
2 district in the future, with the condition that a parcel or parcels
3 within that territory may be annexed to the community facilities
4 district and subjected to the special tax only with the unanimous
5 approval of the owner or owners of the parcel or parcels at the
6 time that the parcel or parcels are annexed. In that case, the
7 legislative body shall follow the procedures set forth in this article
8 for the formation of a community facilities district, with the
9 following exceptions:

10 (1) The legislative body shall not be obligated to specify the
11 rate or rates of special tax in the resolution of intention or the
12 resolution of formation, provided that both of the following are
13 met:

14 (A) The resolution of intention and the resolution of formation
15 include a statement that the rate shall be established in an amount
16 required to finance or refinance the authorized improvements and
17 to pay the district's administrative expenses.

18 (B) The maximum rate of special tax applicable to a parcel or
19 parcels shall be specified in the unanimous approval described in
20 this section relating to the parcel or parcels.

21 (2) The legislative body shall not be obligated to specify in the
22 resolution of intention the conditions under which the obligation
23 to pay the specified special tax may be prepaid and permanently
24 satisfied. Instead, a prepayment provision may be included in the
25 unanimous approval of the owner or owners of each parcel or
26 parcels at the time that the parcel or parcels are annexed to the
27 community facilities district.

28 (3) In lieu of approval pursuant to an election held in accordance
29 with the procedures set forth in Sections 53326, 53327, 53327.5,
30 and 53328, the appropriations limit for the community facilities
31 district, the applicable rate of the special tax and the method of
32 apportionment and manner of collection of that tax, and the
33 authorization to incur bonded indebtedness for the community
34 facilities district shall be specified and be approved by the
35 unanimous approval of the owner or owners of each parcel or
36 parcels at the time that the parcel or parcels are annexed to the
37 community facilities district. No additional hearings or procedures
38 are required, and the unanimous approval shall be deemed to
39 constitute a unanimous vote in favor of the appropriations limit
40 for the community facilities district, the authorization to levy the

1 special tax on the parcel or parcels, and the authorization to incur
2 bonded indebtedness for the community facilities district.

3 (4) Notwithstanding Section 53324, this paragraph establishes
4 the applicable protest provisions in the event a local agency forms
5 a community facilities district pursuant to the procedures set forth
6 in this section. If 50 percent or more of the registered voters, or
7 six registered voters, whichever is more, residing within the
8 territory proposed to be annexed to the community facilities district
9 in the future, or if the owners of one-half or more of the area of
10 land proposed to be annexed in the future and not exempt from
11 the special tax, file written protests against establishment of the
12 community facilities district, and protests are not withdrawn so as
13 to reduce the protests to less than a majority, no further proceedings
14 to form the community facilities district shall be undertaken for a
15 period of one year from the date of decision of the legislative body
16 on the issues discussed at the hearing. If the majority protests of
17 the registered voters or of the landowners are only against the
18 furnishing of a specified type or types of facilities or services
19 within the district, or against levying a specified special tax, those
20 types of facilities or services or the specified special tax shall be
21 eliminated from the resolution of formation.

22 (5) The legislative body shall not record a notice of special tax
23 lien against any parcel or parcels in the community facilities district
24 until the owner or owners of the parcel or parcels have given their
25 unanimous approval of the parcel's or parcels' annexation to the
26 community facilities district, at which time the notice of special
27 tax lien shall be recorded against the parcel or parcels as set forth
28 in Section 53328.3.

29 (b) Notwithstanding the provisions of Section 53340, after
30 adoption of the resolution of formation for a community facilities
31 district described in subdivision (a), the legislative body may, by
32 ordinance, provide for the levy of the special taxes on parcels that
33 will annex to the community facilities district at the rate or rates
34 to be approved unanimously by the owner or owners of each parcel
35 or parcels to be annexed to the community facilities district and
36 for apportionment and collection of the special taxes in the manner
37 specified in the resolution of formation. No further ordinance shall
38 be required even though no parcels may then have annexed to the
39 community facilities district.

(c) The local agency may bring an action to determine the validity of any special taxes levied pursuant to this chapter and authorized pursuant to the procedures set forth in this section pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. Notwithstanding Section 53359, if an action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure to determine the validity of any special taxes levied against a parcel pursuant to this chapter and authorized pursuant to the procedures set forth in this section, the action shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 15 days after the date on which the notice of special tax lien is recorded against the parcel. Any appeal from a judgment in any action or proceeding described in this subdivision shall be commenced within 30 days after entry of judgment.

(d) A community facilities district formed pursuant to this section may only finance facilities pursuant to subdivision (i) or (l) of Section 53313.5.

(e) (1) The legislative body shall comply with the requirements specified in Sections 5898.16 and 5898.17 of the Streets and Highways Code prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to this section.

(2) A parcel or parcels shall not be annexed to a community facilities district formed pursuant to this section if the parcel owner or owners are seeking financing for improvement on a residential property with four or fewer units, unless the parcel complies with the conditions specified in paragraphs (1) to (5), inclusive, and paragraph (8), and, in addition, for properties with energy efficiency improvements specified under subdivision (l) of Section 53313.5, paragraph (7), of subdivision (a) of Section 26063 of the Public Resources Code.

~~(e)~~

(f) In connection with formation of a community facilities district and annexation of a parcel or parcels to the community facilities district pursuant to this section, and the conduct of an election on the proposition to authorize bonded indebtedness pursuant to the alternate procedures set forth in Section 53355.5, the local agency may, without additional hearings or procedures,

1 designate a parcel or parcels as an improvement area within the
2 community facilities district. After the designation of a parcel or
3 parcels as an improvement area, all proceedings for approval of
4 the appropriations limit, the rate and method of apportionment and
5 manner of collection of special tax and the authorization to incur
6 bonded indebtedness for the parcel or parcels shall apply only to
7 the improvement area.

8 ~~(f)~~

9 (g) In connection with a community facilities district formed
10 under this section, as an alternate and independent procedure for
11 making the changes described in Section 53330.7, the changes
12 may be made with the unanimous approval of the owner or owners
13 of the parcel or parcels that will be affected by the change and
14 with the written consent of the local agency. No additional hearings
15 or procedures are required, and the unanimous approval shall be
16 deemed to constitute a unanimous vote in favor of the proposed
17 changes. If the proceeds of a special tax are being used to retire
18 any debt incurred pursuant to this chapter and the unanimous
19 approval relates to the reduction of the special tax rate, the
20 unanimous approval shall recite that the reduction or termination
21 of the special tax will not interfere with the timely retirement of
22 that debt.

23 SEC. 3. Section 5898.15 of the Streets and Highways Code is
24 amended to read:

25 5898.15. (a) A public agency shall not permit a property owner
26 to participate in any program established pursuant to this chapter
27 if the owner's participation would result in the total amount of any
28 annual property taxes and assessments exceeding 5 percent of the
29 property's market value, as determined at the time of approval of
30 the owner's contractual assessment.

31 (b) Nothing in this chapter shall be construed to void or
32 otherwise release a property owner from the contractual obligations
33 incurred by a contractual assessment on a property, particularly in
34 the event that the total amount of annual property taxes and
35 assessments exceeds 5 percent of a property's market value after
36 the property owner has entered into a contractual assessment
37 pursuant to this chapter.

38 (c) This section applies to a property owner who seeks to
39 participate in a program established pursuant to this chapter for

1 types of property not subject to the requirements of Sections
2 5898.16 and 5898.17.

3 SEC. 4. Section 5898.16 of the Streets and Highways Code is
4 amended and renumbered to read:

5 5898.18. All references to financing in this chapter shall be
6 deemed to also refer to refinancing, except that with respect to
7 refinancing, the legislative body shall conclude that providing the
8 refinancing will result in an increased adoption of the
9 improvements authorized to be financed by this chapter. This
10 section does not constitute a change in, but is declaratory and a
11 clarification of existing law.

12 SEC. 5. Section 5898.16 is added to the Streets and Highways
13 Code, to read:

14 5898.16. (a) A public agency shall not permit a property owner
15 to participate in any program established pursuant to this chapter
16 for the purposes specified in paragraph (2) of subdivision (a) of
17 Section 5898.20 *or Section 5899 or 5899.3* if any of the following
18 apply:

19 (1) The property owner's participation would result in the total
20 amount of the annual property taxes and assessments exceeding 5
21 percent of the property's market value, as determined at the time
22 of approval of the property owner's contractual assessment.

23 (2) The property does not comply with the conditions specified
24 in *paragraphs (1) to (5), inclusive, and paragraph (8), and, in*
25 *addition, for properties with energy efficiency improvements*
26 *specified under Section 5898.20, paragraph (7), of subdivision (a)*
27 *of Section 26063 of the Public Resources Code and in subdivision*
28 *(b) of Section 10081 of Title 4 of the California Code of*
29 *Regulations. Code.*

30 (b) A public agency shall not permit the property owner to
31 participate in any program established pursuant to this chapter for
32 the purposes specified in paragraph (2) of subdivision (a) of Section
33 5898.20 *or Section 5899 or 5899.3* unless the property owner is
34 given the right to cancel the contractual assessment without penalty
35 or obligation, consistent with the following:

36 (1) The property owner shall receive ~~two copies of~~ the right to
37 cancel document set forth below or a substantially similar
38 document that displays the same information in a substantially
39 similar format. *The document shall be provided to the property*

owner as a printed copy unless the property owner agrees to an electronic copy.

Right to Cancel

Property Owner: _____
[Owner Full Name], [Phone], [Email]

Property Address: _____
[Property Address]

Your Right to Cancel:

You are entering into a contractual assessment with _____ for financing
[Provider]
that will result in a lien on the property at _____. You may cancel
[Property Address]

this transaction, without cost, ~~until~~ on or before midnight on the third business day after whichever of the following events occurs last:

- (1) The date on which you signed the contractual assessment.
- (2) The date you received your Financing Estimate and Disclosure.
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, _____, within 20 calendar days after
[Provider]

_____ receives notice of cancellation, must take the steps necessary to
[Provider]
reflect the fact that, if recorded, the lien on your property has been discharged and removed from the tax rolls, and _____ must return to you any money
[Provider]

you have given in connection with your application, not including the application processing fee. After _____ has done the ~~things~~ things
[Provider]

mentioned above, you must return any money paid to you or on your behalf, whether to your contractor or any other person. All money must be returned to the address below.

If you cancel the transaction:

- You will not be charged a cancellation fee; and
- You will be refunded any money you have given, excluding application and processing fees as applicable.

To cancel this transaction, you may submit this form to _____ in writing
[Provider]

at:

Provider: _____

Attn: Right to Cancel Notification

Email: _____

Fax number: _____

Address: _____

Deadline to Cancel:

If you want to cancel this transaction, you must submit this form on or before
~~Insert date~~; midnight on the third business day after whichever of the following
events occurs last:

(1) The date on which you signed the contractual assessment.

(2) The date you received your Financing Estimate and Disclosure.

(3) The date you received this notice of your right to cancel.

You may use any written statement that is signed and dated by you and states
your intention to cancel, or you may use this notice by dating and signing
below. If you cancel by mail, fax, or email, you must send the notice no later
than midnight of the third business day following the date on which you signed
the contractual assessment. If you send or deliver your written notice to cancel
some other way, it must be delivered to the above address no later than the
date indicated above.

(1) The date on which you signed the contractual assessment.

(2) The date you received your Financing Estimate and Disclosure.

(3) The date you received this notice of your right to cancel.

I WISH TO CANCEL

Property Owner

Date

(2) The property owner is deemed to have given notice of
cancellation at the moment that the property owner sends the notice
by mail, email, or fax or at the moment that the property owner
otherwise delivers the notice, as applicable.

(c) This section only applies to a property owner who seeks to
participate in a program established pursuant to this chapter for

1 the purposes specified in paragraph (2) of subdivision (a) of Section
2 5898.20 *or Section 5899 or 5899.3* for a residential property with
3 four or fewer units.

4 (d) For the purposes of this section, “property owner” shall
5 include all owners of record.

6 SEC. 6. Section 5898.17 is added to the Streets and Highways
7 Code, to read:

8 5898.17. (a) The disclosure set forth below, or a substantially
9 equivalent document that displays the same information in a
10 substantially similar format, shall be completed and delivered to
11 a property owner ~~at least three business days~~ before the property
12 owner consummates a voluntary contractual assessment described
13 in this chapter for purposes specified in paragraph (2) of
14 subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3*, or
15 a special tax described in Section 53328.1 of the Government
16 Code. The disclosure shall be provided to the property owner as
17 a printed copy, ~~if requested by the property owner.~~ *copy unless*
18 *the property owner agrees to an electronic copy.* A sample of the
19 disclosure set forth below shall be maintained on a public Internet
20 Web site available to property owners.

21 (b) This section only applies to disclosure to a property owner
22 who seeks to participate in a program established pursuant to this
23 chapter for the purposes specified in paragraph (2) of subdivision
24 (a) of Section 5898.20 *or Section 5899 or 5899.3* for a residential
25 property with four or fewer units.

26
27 Financing Estimate and Disclosure

28 Notice to Property Owner: You have the right to request that a hard copy of
29 this document be provided to you before and after reviewing and signing. The
30 financing arrangement described below will result in an assessment against
31 your property which will be collected along with your property taxes and will
32 result in a lien on your property. You should read and review the terms
33 carefully, and if necessary, consult with a tax professional or attorney.

34
35 **Customer Service Toll-Free telephone number and email:**

36 In the event you have a consumer complaint, questions about your financing
37 obligations related to the contractual assessment or your contractual rights
38 under the terms of this contract, you can contact either this toll-free telephone
39 number or email address provided below and receive a response within 24
40 hours or one business day.

1 Toll-Free telephone number: _____
 2 Customer service email address: _____
 3

4 **Products and Costs**

5 Product costs (including
 6 labor/installation) \$ _____

7 **Description**

8 1.

9 2.

10 3.

11

12 **Financing Costs**

13 Application fees and costs \$ _____

14 Prepaid Interest \$ _____

15 Other Costs \$ _____

16 Total Amount Financed \$ _____

17

18 **Annual Percentage Rate (APR)** _____%

19 Simple Interest Rate _____%

20 Total Annual Principal, Interest, and \$ _____

21 Administrative Fees

22

23 Note: If your property taxes are paid through an impound account, your
 24 *mortgage* lender may apportion the amount and add it to your monthly payment.

25 See “~~Other important considerations;~~” *Important Considerations*” below

26 **Total Amount you will**

27 **have paid over the life of**

28 **the financing** \$ _____

29

30 **Other Costs**

31 Appraisal Fees \$ _____

32 Bond related costs \$ _____

33 Annual Administrative fees \$ _____

34 Estimated closing costs \$ _____

35 Credit Reporting Fees \$ _____

36 Recording Fees \$ _____

37

38 **Total Financing Costs**

39 **and Closing Costs** \$ _____

Estimated Cash (out of
pocket) to close \$_____

Other Terms

Prepayment fee ☐ No ☐ Yes _____

~~Assumable by new owner~~ ☐ ~~No~~ ☐ ~~Yes~~ _____

Additional Information About These Financing

Comparisons [Use this information to compare to other financing options]

Over the term of the \$_____ Principal you will have paid off.
financing \$_____ Amount of interest you have paid.
\$_____ Amount of financing and other costs
you will have paid.
\$_____ Total you will have paid.

Annual Percentage Rate _____%

Total Interest Paid (as a percentage of all the _____%
payments you have made)

Other Important Considerations

Assumption by New Buyer ☐ ~~Yes - Allowed on original~~
terms
☐ ~~No - Not Allowed on~~
original terms

I understand that ~~my mortgage company may require me to pay off the full~~
~~remaining balance of this obligation before I can refinance my home. I may~~
~~be required to pay off the remaining balance of this obligation by the mortgage~~
~~lender refinancing my home. If I sell my home, the buyer or their mortgage~~
~~company lender may require me to pay off the full remaining balance of this~~
~~obligation before the home may be sold. You should consider consulting with~~
~~your mortgage company or an attorney as a condition of sale.~~

[Borrower initials]

Monthly Mortgage Payments

Your payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector, you will need to save an estimated \$_____ for your first tax installment. If you pay your taxes through an impound account you should notify your *mortgage* lender, so that your monthly mortgage payment can be adjusted by your *mortgage* lender to cover your increased property tax bill.

[Borrower initials]

Tax Benefits: Consult your tax ~~advisor~~ *adviser* regarding tax credits, credits and deductions, tax deductibility, and other tax benefits available. Making an appropriate application for the benefit is your responsibility.

[Borrower initials]

Statutory Penalties: If your property tax payment is late, the amount due will be subject to a 10% penalty, late fees, and 1.5% per month interest penalty as established by state law, and your property may be subject to foreclosure.

[Borrower initials]

Three Day Right to Cancel

You, the property owner, may cancel the contract at any time ~~prior to~~ *on or before* midnight on the third business day after the date of the transaction to enter into the agreement without any penalty or obligation. To cancel this transaction, you may mail or deliver a signed and dated copy of the contract with notice of cancellation to:

_____ [name of business] at
_____ [address]

You may also cancel the contract by sending notification of cancellation by email to the following email address: _____ [email address of business].

[Borrower initials]

Confirmation of Receipt

This confirms the receipt of the information in this form. You do not have to accept this financing just because you acknowledge that you have received or signed this form, and it is NOT a contract.

[Property Owner Signature - Date]

[Property Owner Signature
- Date]

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 *or Section 5899 or 5899.3*, or a special tax described in Section 53328.1 of the Government Code shall not make any *monetary or percentage* representations of *increased value* to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker's price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, "property owner" shall include all owners of record.

SEC. 7. The provisions of this act are in addition to any rights or remedies of property owners or borrowers under any other law.

SEC. 8. Section 2.5 of this bill incorporates amendments to Section 53328.1 of the Government Code proposed by both this bill and Assembly Bill 2618. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2017, (2) each bill amends Section 53328.1 of the Government

- 1 *Code, and (3) this bill is enacted after Assembly Bill 2618, in which*
- 2 *case Section 2 of this bill shall not become operative.*

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 2859 (Low)
Status/Location: Amended 8/3/16 – Assembly Floor
Sponsor: Author
Subject: Retired License Category
Code Section: Business & Professions 464

Summary:

Existing law authorizes all boards to establish an inactive license category.

This bill:

1. Authorizes boards within the Department of Consumer Affairs (DCA) to establish, by regulation, a retired license category for persons who are not actively engaged in the practice of their profession.
2. Provides that the regulations shall specify that a retired license shall be issued to a person with either an active license or an inactive license that was not placed on inactive status for disciplinary reasons and that the license holder shall not engage in any activity for which a license is required, unless the board, by regulation, specifies the criteria for a retired licensee to practice.
3. Provides that an individual who holds a retired license shall not be required to renew the retired license.
4. Requires boards to establish a fee for an inactive license, to cover the reasonable costs associated with issuance.
5. Specifies that to reinstate a retired license to an active license, the retired licensee must pay a fee; certify that he or she has not committed an act or crime constituting grounds for denial of a license; comply with any fingerprint requirement; and comply with any other requirements a board specifies by regulation.
6. Authorizes a board to investigate the actions of any licensee, including a retired licensee.

Background:

According to the author's office, the following boards issue retired licenses:

Board of Accountancy
Architects Board
Board of Barbering and Cosmetology
Board of Behavioral Sciences
Dental Board
Landscape Architects Technical Committee
Medical Board

Board of Pharmacy
Board of Podiatric Medicine
Professional Fiduciaries Bureau
Board for Professional Engineers, Land Surveyors, and Geologists
Respiratory Care Board

The author contends that an occupational license that moves to “inactive” status does not accurately reflect the status of a license or the license holder.

A license can be sent to “inactive” for various reasons, including violations and non-renewal. The same is done for those individuals who decided to retire - a troublesome label, as an “inactive” status holds negative connotations and does not appropriately illustrate the decades of service from the license holder.

To that end, a statutory change is required to create a new license category as a practical means to bring uniformity to licensing at the Department.

Comments:

The contractor’s state license law, under which the Contractors State License Board (CSLB) operates, contains a provision with specific requirements for its inactive license category. In order for CSLB to create a retired license category, pursuant to this bill’s authorization, it would need to adopt new regulations.

Prior Legislation:

AB 750 (Low, 2015) contained substantially similar language. AB 750 was held in the Assembly Appropriations Committee last year, due to significant cost estimates for those boards in Phase 2 of BreZE, as Phase 2 had not yet been implemented.

Fiscal Impact for CSLB:

Note: This bill is voluntary, so CSLB would only incur the following costs if it chose to implement the retired license category:

IT Programming Staff or Consultant (initial) – CSLB’s IT division estimates that it would take one CSLB IT staff person or an IT Consultant approximately four-to-six months to make the custom programming changes to CSLB’s system and website.

- IT Staff - It would take approximately 850 hours of custom programming to: add field for retirement date and “retired” status code in the Teale system; update existing programs to accept new status code and maintain existing logic of other status codes; set-up automatic letters for when status code is entered; build logic for sole owner retirees versus corporation/partnership retirees; update license renewal program logic coding; and update the website for public disclosure of new status code. This work would be performed by one CSLB Senior Program Analyst (Specialist) at an hourly cost of \$44.16. Total cost with benefits (assumed at the 42 percent) would be \$53,301 (850 hours x \$44.16/hour x 1.42 benefits rate).

Or

- IT Consultant – Because of a shortage of programming staff, CSLB might need to hire an IT Consultant to absorb all of the programming workload. It would take the Consultant approximately 850 hours to complete the work, at an hourly cost of \$95, for a total cost of \$80,750.

CSLB's total cost: Approximately \$55,000 to \$80,000.

Board Position and Comments:

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. This bill does not impose a new requirement on CSLB, it merely provides authority to create a retired license category. CSLB could determine on its own whether or not to exercise this authority, and this may be something CSLB would like to offer for the benefit of licensees.

Date: August 25, 2016

AMENDED IN SENATE AUGUST 3, 2016

AMENDED IN SENATE JUNE 15, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2859

Introduced by Assembly Member Low

February 19, 2016

An act to add Section ~~463~~ 464 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2859, as amended, Low. Professions and vocations: retired category: licenses.

Existing law provides for numerous boards, bureaus, commissions, or programs within the Department of Consumer Affairs that administer the licensing and regulation of various businesses and professions. Existing law authorizes any of the boards, bureaus, commissions, or programs within the department, except as specified, to establish by regulation a system for an inactive category of license for persons who are not actively engaged in the practice of their profession or vocation. Under existing law, the holder of an inactive license is prohibited from engaging in any activity for which a license is required. Existing law defines “board” for these purposes to include, unless expressly provided otherwise, a bureau, commission, committee, department, division, examining committee, program, and agency.

This bill would additionally authorize any of the boards within the department to establish by regulation a system for a retired category of license for persons who are not actively engaged in the practice of their profession or vocation. The bill would require that regulation to include

specified provisions, including that a retired license be issued to a person with either an active license or an inactive license that was not placed on inactive status for disciplinary reasons. The bill also would prohibit the holder of a retired license from engaging in any activity for which a license is required, unless regulation specifies the criteria for a retired licensee to practice his or her profession. The bill would authorize a board upon its own determination, and would require a board upon receipt of a complaint from any person, to investigate the actions of any licensee, including, among others, a person with a license that is retired or inactive. The bill would not apply to a board that has other statutory authority to establish a retired license.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section ~~463~~ 464 is added to the Business and
2 Professions Code, to read:
3 ~~463.~~
4 464. (a) Any of the boards within the department may
5 establish, by regulation, a system for a retired category of licensure
6 for persons who are not actively engaged in the practice of their
7 profession or vocation.
8 (b) The regulation shall contain the following:
9 (1) A retired license shall be issued to a person with either an
10 active license or an inactive license that was not placed on inactive
11 status for disciplinary reasons.
12 (2) The holder of a retired license issued pursuant to this section
13 shall not engage in any activity for which a license is required,
14 unless the board, by regulation, specifies the criteria for a retired
15 licensee to practice his or her profession or vocation.
16 (3) The holder of a retired license shall not be required to renew
17 that license.
18 (4) *The board shall establish an appropriate application fee for*
19 *a retired license to cover the reasonable regulatory cost of issuing*
20 *a retired license.*
21 ~~(4)~~
22 (5) In order for the holder of a retired license issued pursuant
23 to this section to restore his or her license to an active status, the
24 holder of that license shall meet all the following:

1 (A) Pay a fee established by statute or regulation.

2 (B) Certify, in a manner satisfactory to the board, that he or she
3 has not committed an act or crime constituting grounds for denial
4 of licensure.

5 (C) Comply with the fingerprint submission requirements
6 established by regulation.

7 (D) If the board requires completion of continuing education
8 for renewal of an active license, complete continuing education
9 equivalent to that required for renewal of an active license, unless
10 a different requirement is specified by the board.

11 (E) Complete any other requirements as specified by the board
12 by regulation.

13 (c) A board may upon its own determination, and shall upon
14 receipt of a complaint from any person, investigate the actions of
15 any licensee, including a person with a license that either restricts
16 or prohibits the practice of that person in his or her profession or
17 vocation, including, but not limited to, a license that is retired,
18 inactive, canceled, revoked, or suspended.

19 (d) Subdivisions (a) and (b) shall not apply to a board that has
20 other statutory authority to establish a retired license.

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 66 (Leyva)
Status/Location:	Amended 8/16/18 – Assembly Floor
Sponsor:	California Community Colleges
Subject:	Career Technical Education
Code Section:	Business & Professions Section 30

Summary:

Existing law establishes various licensing programs under the Department of Consumer Affairs (DCA).

This bill:

1. Contains findings and declarations of the Legislature, including that the pathway out of poverty for millions of California residents is the attainment of industry-valued “middle skill credentials,” which is defined as a job requiring a certificate, associate’s degree, or third-party credential that is less advanced than a bachelor’s degree, but more advanced than a high school diploma.
2. Requires DCA, upon request by the Chancellor’s Office of the California Community Colleges (CCC), to provide, as applicable, the following information with respect to every licensee:
 - (a) Name;
 - (b) Federal employer identification number if the licensee is a partnership, or the licensee’s individual taxpayer identification number or Social Security number for all other licensees;
 - (c) Date of birth;
 - (d) Type of license;
 - (e) Effective date of license or a renewal; and
 - (f) License expiration date.
3. Specifies that the information is provided only to allow the CCC to measure employment outcomes of students who participate in career technical education programs offered by the CCC and recommend how these programs may be improved. The information cannot be used for any other purpose.
4. Provides that DCA may only make the required information available to the extent that would comply with state and federal privacy laws.
5. Allows DCA, by agreement, to condition or limit the information provided in order to protect privacy.
6. Further provides that the information cannot be used in a way that permits third parties to personally identify individual licensees.
7. Authorizes DCA or CCC to share the licensee data with a third party who contracts to perform the analysis, if the third party is required by contract to follow security requirements.

Comments:

This bill is sponsored by the Chancellor's Office of the Board of Governors of the California Community Colleges. According to the author, "[This bill] will improve the [CCC's Career Technical Education] programs by increasing cross-agency data collection and streamlining reporting requirements. These changes originate from recommendations made by the [CCC] Chancellor's Taskforce on Workforce, Job Creation, and the Economy. The data collected as a result of this bill will help ensure that the Community College system is giving students the skills that they need to be effectively prepared for successful careers."

Support (from Assembly Floor Analysis):

California Community Colleges Chancellor's Office (sponsor)
Los Angeles Area Chamber of Commerce (sponsor)
California Chamber of Commerce
California Community College Association for Occupational Education (CCCAOE)
California School Boards Association (CBSA)
California School Employees Association (CSEA)
Community College League of California
Inland Empire Economic Partnership (IEEP)
Long Beach Community College District
Los Rios, San Bernardino, and San Diego Community College Districts
Regional Economic Association Leaders (R.E.A.L.) Coalition
Silicon Valley leadership Group
Southern California College Access Network
Teamsters

Opposition (from Assembly Floor Analysis):

None.

Fiscal Impact for CSLB:

Programming/Web Services (initial) – CSLB's IT division estimates that it would take approximately 200 hours to develop and build an interface with CCC to electronically provide the licensure information for all licensees, as well as update all of CSLB's forms to provide an additional disclosure to licensees that CSLB will share their information with CCC, and possibly a third party. Work would be performed by a Senior Programmer Analyst classification at an hourly cost of \$40. Total cost with benefits (assumed at the 42 percent) would be \$11,360 (200 hours x \$40/hour x 1.42 benefits rate).

CSLB total cost would be approximately = \$12,000 to \$26,000 (one-time cost).

Staff Recommendation and Comments: No recommendation, as the Legislative session has adjourned. Prior versions of this bill authorized information sharing between DCA and CCC, but the bill was amended in August 2016 to provide the current level of information transfer. Staff is concerned that this bill authorizes the sharing of

personally identifying information for all licensees, even though only likely a small percentage attended a related career technical education program directly tied to their contractor's license.

Date: August 22, 2016

AMENDED IN ASSEMBLY AUGUST 18, 2016

AMENDED IN ASSEMBLY AUGUST 2, 2016

AMENDED IN ASSEMBLY JUNE 23, 2016

AMENDED IN SENATE JANUARY 14, 2016

AMENDED IN SENATE JANUARY 4, 2016

SENATE BILL

No. 66

Introduced by Senators Leyva and McGuire

January 7, 2015

An act to amend Section 30 of the Business and Professions Code, and to amend Section 88650 of the Education Code, relating to career technical education.

LEGISLATIVE COUNSEL'S DIGEST

SB 66, as amended, Leyva. Career technical education.

(1) Existing law establishes various career technical education programs, including regional occupational centers and programs, specialized secondary programs, partnership academies, and agricultural career technical education programs. Existing law provides for numerous boards, bureaus, commissions, or programs within the Department of Consumer Affairs that administer the licensing and regulation of various businesses and professions.

This bill would require the department to make available, upon request by the Office of the Chancellor of the California Community Colleges, and only to the extent specified, to the Chancellor's office specified information with respect to every licensee for the sole purpose of enabling the office of the chancellor to measure employment outcomes of students who participate in career technical education programs

offered by the California Community Colleges and recommend how these programs may be improved.

(2) Existing law requires the Chancellor of the California Community Colleges to implement performance accountability outcome measures for the California Community Colleges Economic and Workforce Development Program.

This bill would urge the chancellor to align these measures with the performance accountability measures of the federal Workforce Innovation and Opportunity Act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The economic competitiveness of California is fueled by the
4 strength of regional economies and their skilled workers. Upward
5 social and economic mobility and increased opportunities keep
6 the state's economy diversified and vibrant.

7 (b) The pathway out of poverty for millions of California
8 residents is the attainment of industry-valued "middle skill
9 credentials," which is defined as a job requiring a certificate,
10 associate's degree, or third-party credential that is less advanced
11 than a bachelor's degree, but more advanced than a high school
12 diploma.

13 (c) Middle skill credentials serve as the gateway for a large
14 number of careers in the state's prioritized and emergent industry
15 sectors.

16 (d) The California Community Colleges Board of Governor's
17 Task Force on Workforce, Job Creation, and a Strong Economy,
18 also referred to as the Strong Workforce Task Force, identified 25
19 policy and strategy recommendations to help close the gap on these
20 middle skill credentials.

21 (e) The recommendations built upon the foundation established
22 by the California Community Colleges Economic and Workforce
23 Development Program in Part 52.5 (commencing with Section
24 88600) of Division 7 of Title 3 of the Education Code, the Office
25 of the Chancellor of the California Community Colleges Doing
26 What MATTERS for Jobs and the Economy framework, and the

1 federal Workforce Innovation and Opportunities Act (Public Law
2 113-128).

3 (f) With the enactment of the federal Workforce Innovation and
4 Opportunity Act (Public Law 113-128), California agencies
5 receiving workforce-related funds have adopted the following
6 common program strategies articulated by the California Workforce
7 Investment Board:

8 (1) Partnering in sector strategies to ensure training programs
9 are relevant to the economy.

10 (2) Building career pathways to increase access, flexibility, and
11 facilitated navigation of training and education programs.

12 (3) Utilizing “earn and learn” to increase simultaneous access
13 to income and training for those who cannot afford full-time
14 education.

15 (4) Organizing regionally to benefit from economies of scale,
16 recognizing gains when labor markets and industry are organized
17 regionally.

18 (5) Providing supportive services to remove barriers to program
19 completion and employment.

20 (6) Creating cross-system data capacity to ensure effective use
21 of resources.

22 (7) Integrating service delivery and braiding of resources to
23 optimize limited resources and make use of program specializations
24 to better serve individuals.

25 SEC. 2. Section 30 of the Business and Professions Code is
26 amended to read:

27 30. (a) (1) Notwithstanding any other law, any board, as
28 defined in Section 22, and the State Bar and the Bureau of Real
29 Estate shall, at the time of issuance of the license, require that the
30 applicant provide its federal employer identification number, if
31 the applicant is a partnership, or the applicant’s social security
32 number for all other applicants.

33 (2) No later than January 1, 2016, in accordance with Section
34 135.5, a board, as defined in Section 22, and the State Bar and the
35 Bureau of Real Estate shall require either the individual taxpayer
36 identification number or social security number if the applicant is
37 an individual for purposes of this subdivision.

38 (b) A licensee failing to provide the federal employer
39 identification number, or the individual taxpayer identification
40 number or social security number shall be reported by the licensing

board to the Franchise Tax Board. If the licensee fails to provide that information after notification pursuant to paragraph (1) of subdivision (b) of Section 19528 of the Revenue and Taxation Code, the licensee shall be subject to the penalty provided in paragraph (2) of subdivision (b) of Section 19528 of the Revenue and Taxation Code.

(c) In addition to the penalty specified in subdivision (b), a licensing board shall not process an application for an initial license unless the applicant provides its federal employer identification number, or individual taxpayer identification number or social security number where requested on the application.

(d) A licensing board shall, upon request of the Franchise Tax Board or the Employment Development Department, furnish to the board or the department, as applicable, the following information with respect to every licensee:

(1) Name.

(2) Address or addresses of record.

(3) Federal employer identification number if the licensee is a partnership, or the licensee's individual taxpayer identification number or social security number for all other licensees.

(4) Type of license.

(5) Effective date of license or a renewal.

(6) Expiration date of license.

(7) Whether license is active or inactive, if known.

(8) Whether license is new or a renewal.

(e) For the purposes of this section:

(1) "Licensee" means a person or entity, other than a corporation, authorized by a license, certificate, registration, or other means to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.

(2) "License" includes a certificate, registration, or any other authorization needed to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.

(3) "Licensing board" means any board, as defined in Section 22, the State Bar, and the Bureau of Real Estate.

(f) The reports required under this section shall be filed on magnetic media or in other machine-readable form, according to standards furnished by the Franchise Tax Board or the Employment Development Department, as applicable.

1 (g) Licensing boards shall provide to the Franchise Tax Board
2 or the Employment Development Department the information
3 required by this section at a time that the board or the department,
4 as applicable, may require.

5 (h) Notwithstanding Chapter 3.5 (commencing with Section
6 6250) of Division 7 of Title 1 of the Government Code, a federal
7 employer identification number, individual taxpayer identification
8 number, or social security number furnished pursuant to this section
9 shall not be deemed to be a public record and shall not be open to
10 the public for inspection.

11 (i) A deputy, agent, clerk, officer, or employee of a licensing
12 board described in subdivision (a), or any former officer or
13 employee or other individual who, in the course of his or her
14 employment or duty, has or has had access to the information
15 required to be furnished under this section, shall not disclose or
16 make known in any manner that information, except as provided
17 pursuant to this section to the Franchise Tax Board, the
18 Employment Development Department, or the Office of the
19 Chancellor of the California Community Colleges, or as provided
20 in subdivision (k).

21 (j) It is the intent of the Legislature in enacting this section to
22 utilize the federal employer identification number, individual
23 taxpayer identification number, or social security number for the
24 purpose of establishing the identification of persons affected by
25 state tax laws, for purposes of compliance with Section 17520 of
26 the Family Code, and for purposes of measuring employment
27 outcomes of students who participate in career technical education
28 programs offered by the California Community Colleges and, to
29 that end, the information furnished pursuant to this section shall
30 be used exclusively for those purposes.

31 (k) If the board utilizes a national examination to issue a license,
32 and if a reciprocity agreement or comity exists between the State
33 of California and the state requesting release of the individual
34 taxpayer identification number or social security number, any
35 deputy, agent, clerk, officer, or employee of any licensing board
36 described in subdivision (a) may release an individual taxpayer
37 identification number or social security number to an examination
38 or licensing entity, only for the purpose of verification of licensure
39 or examination status.

(l) For the purposes of enforcement of Section 17520 of the Family Code, and notwithstanding any other law, a board, as defined in Section 22, and the State Bar and the Bureau of Real Estate shall at the time of issuance of the license require that each licensee provide the individual taxpayer identification number or social security number of each individual listed on the license and any person who qualifies for the license. For the purposes of this subdivision, “licensee” means an entity that is issued a license by any board, as defined in Section 22, the State Bar, the Bureau of Real Estate, and the Department of Motor Vehicles.

(m) The department shall, upon request by the Office of the Chancellor of the California Community Colleges, furnish to the chancellor’s office, as applicable, the following information with respect to every licensee:

(1) Name.

(2) Federal employer identification number if the licensee is a partnership, or the licensee’s individual taxpayer identification number or social security number for all other licensees.

(3) Date of birth.

~~(4) Gender.~~

~~(5)~~

(4) Type of license.

~~(6)~~

(5) Effective date of license or a renewal.

~~(7)~~

(6) Expiration date of license.

(n) The department shall make available information pursuant to subdivision (m) only to allow the chancellor’s office to measure employment outcomes of students who participate in career technical education programs offered by the California Community Colleges and recommend how these programs may be improved. Licensure information made available by the department pursuant to this section shall not be used for any other purpose.

(o) The department may make available information pursuant to subdivision (m) only to the extent that making the information available complies with state and federal privacy laws.

(p) The department may, by agreement, condition or limit the availability of licensure information pursuant to subdivision (m) in order to ensure the security of the information and to protect

1 the privacy rights of the individuals to whom the information
2 pertains.

3 (q) All of the following apply to the licensure information made
4 available pursuant to subdivision (m):

5 (1) It shall be limited to only the information necessary to
6 accomplish the purpose authorized in subdivision (n).

7 (2) It shall not be used in a manner that permits third parties to
8 personally identify the individual or individuals to whom the
9 information pertains.

10 (3) Except as provided in subdivision (n), it shall not be shared
11 with or transmitted to any other party or entity without the consent
12 of the individual or individuals to whom the information pertains.

13 (4) It shall be protected by reasonable security procedures and
14 practices appropriate to the nature of the information to protect
15 that information from unauthorized access, destruction, use,
16 modification, or disclosure.

17 (5) It shall be immediately and securely destroyed when no
18 longer needed for the purpose authorized in subdivision (n).

19 (r) The department or the chancellor's office may share licensure
20 information with a third party who contracts to perform the function
21 described in subdivision (n), if the third party is required by
22 contract to follow the requirements of this section.

23 SEC. 3. Section 88650 of the Education Code is amended to
24 read:

25 88650. (a) The chancellor shall implement performance
26 accountability outcome measures for the economic and workforce
27 development program that provide the Governor, Legislature, and
28 general public with information that quantifies employer and
29 student outcomes for those participating in the program. These
30 performance accountability measures should, to the extent possible,
31 align with the performance accountability measures of the federal
32 Workforce Innovation and Opportunity Act (Public Law 113-128).

33 (b) The chancellor shall submit a report to the Governor and
34 Legislature on or about March 1 of each year. This report shall
35 include, but not necessarily be limited to, both of the following:

36 (1) Sufficient information to ensure the understanding of the
37 magnitude of expenditures, by type of expenditure, including those
38 specified in Section 88625, disaggregated by industry sector or
39 cluster, region, and type of grant.

- 1 (2) Data summarizing outcome accountability performance
- 2 measures required by this section.

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 465 (Hill)
Status/Location:	Amended 08/19/16 – Assembly Floor
Sponsor:	Author
Subject:	Contractors State License Board
Code Section:	Business & Professions 7071.18, 7071.20, 7124.6

Summary:

This bill, as it pertains to the Contractors State License Board (CSLB):

1. Requires a licensee of CSLB to report to the Registrar in writing within 90 days the occurrence of any of the of the following events:
 - a) Conviction of any felony;
 - b) Conviction of any crime that is substantially related to the qualifications, functions, and duties of a licensed contractor.
2. Requires the Division of Occupational Safety and Health (DOSH) to transmit copies of any citations or other actions involving or potentially involving a serious illness or injury, along with any other information it may possess regarding a contractor.
3. By January 1, 2018, authorizes CSLB to enter into an interagency agreement with any other state or local agency it deems to be in possession of any information relevant to its priority to protect the public.
4. By January 1, 2018, requires CSLB to report to the Legislature the results of a study to determine if its ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards against them, or settlement payments of claims for construction defects they have made in excess of a certain amount to be determined by CSLB.
5. Specifies that CSLB shall first consult with licensees, insurers, and consumers during report development.
6. Further provides that the study shall include:
 - (a) criteria used by insurers or others to differentiate between settlements that are for nuisance value and those that are not;
 - (b) whether settlement information or other information can help identify licensees who may be subject to an enforcement action;
 - (c) if there is a way to separate subcontractors from general contractors when identifying licensees who may be subject to enforcement action;
 - (d) if reporting should be limited to settlements resulting from construction defects that resulted in death or injury; and
 - (e) the practice of other boards within the Department of Consumer Affairs, and any other reasonable criteria.

7. Provides that any records CSLB obtains during the course of implementing the study requirements that are exempt from disclosure under the Public Records Act shall remain exempt from disclosure.
8. Requires the California Building Standards Commission (CBSC) to convene a working group to investigate existing building standards associated with the construction, inspection and maintenance of exterior elevated elements, and to report its findings and recommendations to the Legislature by January 1, 2018.

Comments:

SB 465 (Hill) was amended on July 1, 2015, to require licensees and insurance companies to report to the Contractors State License Board all civil action settlements or administrative actions resulting in a settlement worth \$50,000 or more, and all binding arbitration awards or settlements of \$25,000 or more.

Senator Hill introduced this language in response to the apartment balcony collapse in Berkeley in 2015. According to Sen. Hill, "Currently, state law does not require contractors to report defect settlement cases to the CSLB. Such disclosure requirements are routine for such professionals as doctors, architects, and engineers. This bill would empower the CSLB, like other boards, to be made aware of licensee behavior for which they may need to take swift action to promote public health and safety. The bill additionally increases transparency so that consumers have the tools necessary to make an informed decision about the quality of the contractor they hire."

SB 465 faced significant opposition and failed to pass out of the Assembly Business & Professions Committee last year. The author has since amended the bill to require CSLB to study the issue of settlement reporting.

Several other professions currently have similar reporting requirements, including doctors, architects, engineers, land surveyors, and accountants.

Reporting from DOSH:

This bill will revise the existing reporting requirement to clarify that DOSH will report to CSLB its citations against contractors that involve a serious illness or injury. Existing law defines that as any injury or illness occurring in a place of employment or in connection with any employment which requires inpatient hospitalization for a period in excess of 24 hours for other than medical observation or in which an employee suffers a loss of any member of the body or suffers any serious degree of permanent disfigurement, but does not include any injury or illness or death caused by the commission of a Penal Code violation, except the violation of Section 385 of the Penal Code, or an accident on a public street or highway (Labor Code section 6302).

Informational Hearing

The Senate Business, Professions and Economic Development Committee held an informational hearing on this subject on April 25, 2016. CSLB staff testified about the option of performing a study on the types of settlement information it can obtain under existing authority, and reporting back to the Legislature.

Support (Prior version):

California Newspaper Publishers Association
Center for Public Interest Law
Center for California Homeowner Association Law
City of Berkeley, Office of the Mayor
The Miller Law Firm

Opposition (Prior version):

Air Conditioning Trade Association
American Fire Sprinkler Association
Associated Builders and Contractors – San Diego Chapter
Association of California Insurance Companies
Associated General Contractors
California Building Industry Association
California Professional Association of Specialty Contractors
Civil Justice Association of California
Construction Employers' Association
Plumbing-Heating-Cooling Contractors Association of California
United Contractors
Associated General Contractors
Southern California Contractors Association
Western Electrical Contractors Association

Fiscal Impact for CSLB:

Staff costs (initial & ongoing) – This increased workload cannot be absorbed by existing CSLB staff. Work would be performed full-time by two staff: (1) Enforcement Representative I and (1) Staff Services Analyst. Total cost with benefits (assumed at the 42 percent) would be \$189,000 (initial) and \$173,000 (ongoing).

Staff costs (initial) – CSLB estimates that it would take about 700 hours (approximately four months) to work with industry and staff to identify and analyze if the Board's consumer protection mandate would be enhanced by settlement reporting, and then compile a report for submittal to the Legislature by January 1, 2018. Work would be performed by an Associate Governmental Program Analyst (AGPA) at an hourly cost of \$30. Total cost with benefits (assumed at the 42 percent) would be \$29,820 (700 hours x \$30/hour x 1.42 benefits rate).

Attorney General (AG) costs (initial & ongoing) – CSLB anticipates an increase in cases that would be referred to the Attorney General's Office to investigate and prosecute the most egregious violations. The Board can only assume the AG referral rate for these complaints would be the same as those it currently refers to the AG, which is around 4 percent of all complaints received each fiscal year. Assuming that CSLB investigates 1,600 cases (based on Cal-OSHA statistics), CSLB would likely make 64 additional referrals to the AG's Office. Total AG costs would be 64 x \$5,000 per case = \$320,000 (initial & ongoing).

Total annual cost is approximately \$538,820 (initial) and \$493,000 (ongoing).

Board Position and Comments: WATCH. The Board took a watch position at a prior meeting, so no further action is needed. This bill will allow CSLB to spend additional time reviewing this issue, continue discussions with interested parties, and report the results back to the Legislature, which can then use that information to develop future legislative changes, if necessary.

Date: August 19, 2016

AMENDED IN ASSEMBLY AUGUST 29, 2016
AMENDED IN ASSEMBLY AUGUST 19, 2016
AMENDED IN ASSEMBLY AUGUST 15, 2016
AMENDED IN ASSEMBLY AUGUST 1, 2016
AMENDED IN ASSEMBLY JUNE 23, 2016
AMENDED IN ASSEMBLY JUNE 8, 2016
AMENDED IN ASSEMBLY JULY 8, 2015
AMENDED IN ASSEMBLY JULY 1, 2015
AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 465

Introduced by Senators Hill and Hancock

February 25, 2015

An act to add Sections 7021 and 7071.18 to the Business and Professions Code, ~~and to add~~ *and repeal* Section 18924.5 ~~to~~ *of* the Health and Safety Code, *and to amend Section 6313.5 of the Labor Code*, relating to building construction.

LEGISLATIVE COUNSEL'S DIGEST

SB 465, as amended, Hill. Building construction: contractors: discipline: reporting: building standards.

(1) Existing law, the Contractors' State License Law, provides for the licensure, regulation, and discipline of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the

board. Under existing law, protection of the public is required to be the highest priority for the Contractors' State License Board in exercising its licensing, regulatory, and disciplinary functions.

Under existing law, the Division of Occupational Safety and Health has the power, jurisdiction, and supervision over every employment and place of employment in this state, which is necessary to adequately enforce and administer all laws and lawful standards and orders, or special orders requiring such employment and place of employment to be safe, and requiring the protection of the life, safety, and health of every employee in such employment or place of employment. *Existing law requires the division to transmit to the Registrar of Contractors copies of any reports made in any investigation, as specified, and authorizes the division, upon its own motion or upon request, to transmit copies of any other reports made in any investigation conducted involving a licensed contractor.*

~~This bill, by January 1, 2018, bill would instead require the board to enter into an interagency agreement with the Division of Occupational Safety and Health to ensure that specified disciplinary information relating to a contractor is timely reported to the board. Health, after consultation with the board, to transmit to the board copies of any citations or other actions taken by the division against a contractor, as defined. The bill, by January 1, 2018, bill would also require authorize the board to enter into an interagency agreement with any other state or local agency the board deems to be in possession of information relevant to its priority to protect the public. By requiring a local agency to enter into an interagency agreement with the board, the bill would impose a state-mandated local program.~~

This bill would require a licensee to report to the registrar within 90 days of the date that the licensee has knowledge of the conviction of the licensee for any felony or any other crime substantially related to the qualifications, functions, and duties of a licensed contractor.

~~This bill would require the board to consult with licensees and consumers licensees, consumers, and other interested stakeholders in order to prepare a study of judgments, arbitration awards, and settlements that were the result of claims for construction defects for rental residential units and, by January 1, 2018, report to the Legislature the results of the study to determine if the board's ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards, or settlement payments of those claims. This bill would specify that participation in the study by licensees and~~

consumers is voluntary. The bill would require records or documents obtained by the board during the course of implementing this study that are exempt from public disclosure to remain exempt from disclosure.

(2) Under existing law, there exists the California Building Standards Commission. Existing law requires the California Building Standards Commission to, among other things, review the standards of adopting state agencies and approve, return for amendment with recommended changes, or reject building standards submitted to the commission for its approval, as provided.

~~This bill~~ *bill, until January 1, 2018, would require the working group formed by the California Building Standards Commission to convene a specified working group to investigate existing building standards associated with the construction, inspection, and maintenance of study recent exterior elevated elements. By January 1, 2018, the bill would require the working group to report to the California Building Standards Commission any findings and possible recommendations for statutory changes or changes to the California Building Standards Code. By January 1, 2018, the bill would also require the working group to provide that report to a specified legislative committee. element failures in the state to submit a report to the appropriate policy committees of the Legislature containing any findings and possible recommendations for statutory or other changes to the California Building Standards Code and would require the working group to review related documents and reports, as specified.* However, if, at any time, it is determined by the working group that one or more changes to the California Building Standards Code are needed as soon as possible in order to protect the public, the bill ~~would~~ *would, until January 1, 2018, require the working group to submit the proposed recommended changes to the California Building Standards Commission for consideration as soon as possible. possible, as specified.*

(3) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

~~(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~*no*.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7021 is added to the Business and
2 Professions Code, to read:

3 ~~7021. (a) By January 1, 2018, the board shall enter into an~~
4 ~~interagency agreement with the Division of Occupational Safety~~
5 ~~and Health to ensure that any citation, fine, or any other actions~~
6 ~~potentially involving or involving a serious injury or illness, as~~
7 ~~defined in Section 6302 of the Labor Code, taken by the division~~
8 ~~against a contractor, along with any other information the division~~
9 ~~may possess regarding a contractor, is timely reported to the board.~~

10 ~~(b) By January 1, 2018, the~~

11 ~~7021. The board shall~~ *may* enter into an interagency agreement
12 with any other state or local agency the board deems to be in
13 possession of any information relevant to its priority to protect the
14 public described in Section 7000.6.

15 SEC. 2. Section 7071.18 is added to the Business and
16 Professions Code, to read:

17 7071.18. (a) Notwithstanding any other law, a licensee shall
18 report to the registrar in writing the occurrence of any of the
19 following within 90 days after the licensee obtains knowledge of
20 the event:

21 (1) The conviction of the licensee for any felony.

22 (2) The conviction of the licensee for any other crime that is
23 substantially related to the qualifications, functions, and duties of
24 a licensed contractor.

25 (b) (1) The board shall consult with ~~licensees and consumers~~
26 *licensees, consumers, and other interested stakeholders* in order
27 to prepare a study of judgments, arbitration awards, and settlements
28 that were the result of claims for construction defects for rental
29 residential units and, by January 1, 2018, shall report to the
30 Legislature the results of this study to determine if the board's
31 ability to protect the public as described in Section 7000.6 would

1 be enhanced by regulations requiring licensees to report judgments,
2 arbitration awards, or settlement payments of those claims.
3 Participation by licensees and consumers shall be voluntary. The
4 study shall include, but not be limited to, criteria used by insurers
5 or others to differentiate between settlements that are for nuisance
6 value and those that are not, whether settlement information or
7 other information can help identify licensees who may be subject
8 to an enforcement action, if there is a way to separate
9 subcontractors from general contractors when identifying licensees
10 who may be subject to an enforcement action, whether reporting
11 should be limited to settlements resulting from construction defects
12 that resulted in death or injury, the practice of other boards within
13 the department, and any other criteria considered reasonable by
14 the board. The board shall submit the report to the Legislature in
15 accordance with Section 9795 of the Government Code.

16 (2) Records or documents obtained by the board during the
17 course of implementing this subdivision that are exempt from
18 public disclosure under the California Public Records Act (Chapter
19 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
20 the Government Code) shall remain exempt from disclosure
21 pursuant to that act.

22 SEC. 3. Section 18924.5 is added to the Health and Safety
23 Code, to read:

24 ~~18924.5. (a) The California Building Standards Commission~~
25 ~~shall convene a working group to investigate existing building~~
26 ~~standards associated with the construction, inspection, and~~
27 ~~maintenance of exterior elevated elements.~~

28 *18924.5. (a) By January 1, 2018, the working group formed*
29 *by the California Building Standards Commission to study recent*
30 *exterior elevated element failures in California shall submit a*
31 *report to the appropriate policy committees of the Legislature*
32 *containing any findings and possible recommendations for*
33 *statutory changes or changes to the California Building Standards*
34 *Code.*

35 *(b) The working group shall review related documents and*
36 *reports, including, but not limited to, any available forensic reports*
37 *related to exterior elevated element failures in California, reports*
38 *and studies used in the development of national and state building*
39 *codes, and any other material deemed relevant to make*
40 *recommendations to the appropriate state agency or agencies for*

1 *the development of proposed building standards for exterior*
2 *elevated elements.*

3 ~~(b)~~

4 (c) The working group shall ~~include~~, *solicit technical expertise*
5 *as appropriate from*, but not be limited to, ~~representatives from~~
6 ~~state government entities, building officials, engineers, construction~~
7 ~~industry~~, *representatives from the Department of Housing and*
8 *Community Development, the Division of the State*
9 *Architect—Structural Safety, the Office of the State Fire Marshal,*
10 *local building officials and plan checkers, structural engineers,*
11 *apartment owners and managers, the building industry, the wood,*
12 *steel and concrete industries, and any other interested parties.*

13 ~~(e) The working group shall review related documents and~~
14 ~~reports, including, but not limited to, forensic reports related to~~
15 ~~exterior elevated element failures in California, reports and studies~~
16 ~~used in the development of national and state building codes, and~~
17 ~~any other material deemed relevant to determine if any changes~~
18 ~~need to be made to the construction specifications or inspection~~
19 ~~requirements, excluding routine inspections that occur after project~~
20 ~~completion, contained within the California Building Standards~~
21 ~~Code.~~

22 ~~(d) (1) By January 1, 2018, the working group shall report to~~
23 ~~the California Building Standards Commission any findings and~~
24 ~~possible recommendations for statutory changes or changes to the~~
25 ~~California Building Standards Code. By January 1, 2018, the~~
26 ~~working group shall also provide that report to the Senate~~
27 ~~Committee on Business, Professions and Economic Development.~~

28 ~~(2) Notwithstanding paragraph (1),~~

29 (d) *Notwithstanding the deadline in subdivision (a), if, at any*
30 *time, it is determined by the working group that one or more*
31 *changes to the California Building Standards Code are needed as*
32 *soon as possible in order to protect the public, the working group*
33 *shall submit the proposed recommended changes to the California*
34 *Building Standards Commission appropriate state agency or*
35 *agencies for consideration as soon as possible.* ~~possible according~~
36 ~~to this part.~~

37 (e) *This section shall remain in effect only until January 1, 2018,*
38 *and as of that date is repealed, unless a later enacted statute, that*
39 *is enacted before January 1, 2018, deletes or extends that date.*

40 SEC. 4. *Section 6313.5 of the Labor Code is amended to read:*

1 6313.5. ~~The division~~ *division, after consultation with the*
2 *Contractors' State License Board,* shall transmit to the Registrar
3 ~~of Contractors~~ *Contractors' State License Board* copies of any
4 reports made in any investigation conducted pursuant to subdivision
5 (a) of Section 6313, and may, upon its own motion or at the request
6 of the Registrar of Contractors, transmit copies of any other reports
7 made in any investigation conducted pursuant to subdivision (b)
8 of Section 6313 involving a contractor licensed pursuant to
9 citations or other actions taken by the division against a contractor
10 as defined in the ~~Contractors~~ *Contractors' State License Law*
11 (Chapter 9 (commencing with Section 7000) of ~~Division~~ *Division*
12 3 of the Business and Professions Code).

13 ~~SEC. 4.~~

14 ~~SEC. 5.~~ The Legislature finds and declares that Section 2 of
15 this act, which adds Section 7071.18 to the Business and
16 Professions Code, imposes a limitation on the public's right of
17 access to the meetings of public bodies or the writings of public
18 officials and agencies within the meaning of Section 3 of Article
19 I of the California Constitution. Pursuant to that constitutional
20 provision, the Legislature makes the following findings to
21 demonstrate the interest protected by this limitation and the need
22 for protecting that interest:

23 By allowing records and documents exempt from disclosure to
24 be shared with the Contractors' State License Board and remain
25 nonpublic under the Public Records Act, the act adding this section
26 would encourage private individuals and entities to provide the
27 board with information that is vital to the success of its study and
28 report to determine whether additional regulations are appropriate.
29 Therefore, this act properly balances the public's right to access
30 to public records in the possession of the board with the need for
31 the state to obtain otherwise private information.

32 ~~SEC. 5. If the Commission on State Mandates determines that~~
33 ~~this act contains costs mandated by the state, reimbursement to~~
34 ~~local agencies and school districts for those costs shall be made~~
35 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~
36 ~~4 of Title 2 of the Government Code.~~

O

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 661 (Hill)
Status/Location:	08/19/16 – Assembly Utilities & Commerce Committee
Sponsor:	Author
Subject:	Protection of Subsurface Installations
Code Section:	Government Code 4216

Summary:

Existing Law:

1. Requires that every operator of a subsurface installation (except CalTrans) become a member of, participate in, and fund a regional notification center.
2. Requires a person planning any excavation to contact the appropriate notification center before work begins.
3. Provides that a willful or deliberate violation of the regional notification system requirements by a licensee of the Contractors State License Board (CSLB) constitutes a cause for disciplinary action by CSLB.

This Bill:

1. Defines several terms, including “working day” for the purposes of determining excavation start date and time as a weekday Monday through Friday, from 7:00 a.m. to 5:00 p.m., except for federal and state holidays, or as otherwise posted on the Internet website of the regional notification center.
2. Requires an excavator planning an excavation to first delineate the area to be excavated, before notifying the appropriate regional notification center.
3. Further requires an operator to indicate with an “A” inside a circle the presence of any abandoned subsurface installations, if known, within the delineated area.
4. Provides that if an operator knows that it has a subsurface installation embedded or partially embedded in the pavement that is not visible from the surface, the operator shall contact the excavator before pavement removal to communicate and determine a plan of action.
5. Authorizes an excavator to use power excavation tools to expose subsurface installations within the tolerance zone, after first using hand tools.
6. Requires an excavator to presume that all subsurface installations are active, and to use the same care around subsurface installations that may be inactive as would be used around active installations.
7. Requires an excavator to call 911 upon discovering or causing damage to either of the following:
 - (a) A natural gas or hazardous liquid pipeline subsurface installation in which the same results in the escape of any flammable, toxic, or corrosive gas or liquid;

- (b) A high priority subsurface installation of any kind.
- 8. Provides that dig alert requirements can be enforced, following a recommendation by the Excavation Board, established by this bill, as follows:
 - a) CSLB, on contractors and telephone corporations when acting as a contractor. *(Note: CSLB would fine contractors according to the provisions of Government Code Section 4216.6, which provides for penalties between no more than \$10,000 for a negligent violation, to no more than \$50,000 for willful violation. The revenue from any fines resulting from this authority would go to the Excavation Board, not CSLB).*
 - b) The Public Utilities Commission (PUC), on gas and electrical corporations, and water corporations.
 - c) The Office of the State Fire Marshal, for operators of hazardous liquid pipeline facilities.
- 9. Provides that an excavator who damages a subsurface installation because of inaccurate marking shall not be liable for damages.
- 10. Beginning November 1, 2017, authorizes an excavator to request a continual excavation ticket for an area of continual excavation, in lieu of the regular ticket process. Further defines the process, and provides that a continual excavation ticket is valid for one year for issuance, and may be renewed.
- 11. Creates the California Underground Facilities Safe Excavation Advisory Board (Excavation Board), under the Office of the State Fire Marshal (OSFM) and assisted by OSFM's staff.
- 12. Provides that the Excavation Board may obtain funding for its operational expenses from:
 - (a) Federal or state grant;
 - (b) A fee charged to members of the regional notification centers, not to exceed the reasonable regulatory cost to enforce this bill; and
 - (c) Any other source.
 - (d) Specifies that the Excavation Board shall not charge a fee to a person for notifying the regional notification center to obtain or renew a ticket.
- 13. Requires the Excavation Board to annually convene a meeting for the following purposes:
 - (a) To understand the existing needs for education and outreach, including to those groups with the highest awareness, including homeowners;
 - (b) To facilitate discussion on how to coordinate existing education and outreach efforts with state and local agencies, California operators, regional notification centers, and trade associations that fund outreach and education programs that encourage safe excavation practices; and
 - (c) To determine the areas in which additional education and outreach efforts may be targeted.
- 14. Requires the Excavation Board to develop standards relevant to safety practices in excavating around subsurface installations and procedures and guidance in encouraging those practices. Provides that the standards shall address all of the following:
 - (a) Evidence necessary to demonstrate compliance with the law; and

- (b) What constitutes reasonable care in grading activities on road shoulders and dirt roads which may include standards for potholing.
15. Beginning January 1, 2018, requires the Excavation Board to investigate possible violations of the law, including complaints from affected parties and members of the public.
 16. Provides that if the Excavation Board finds a probable violation after completing an investigation, it may send the results and any recommended penalty to the agency with jurisdiction over the action.
 17. Specifies that sanctions shall be graduated and may include notification and information letters, direction to attend relevant education, and financial penalties.
 18. Requires the Excavation Board to consider the following when assessing a penalty:
 - (a) The type of violation and its gravity;
 - (b) The degree of culpability;
 - (c) The operator's or excavator's history of violations;
 - (d) The operator's or excavator's history of work conducted without violations; and
 - (e) The efforts taken by the violator to prevent violation and, once the consequences occurred, the efforts taken to mitigate the safety consequences of the violation.
 19. For an investigation of a violation regarding the delineating and tolerance zone requirements, prohibits a complainant from seeking action in court for damages until the investigation is complete, or for at least six months after the investigation begins, whichever occurs first.
 20. If a complainant files an action or damages based upon these requirements, after the completion of an investigation in which the person was found to have not violated the requirements, the complainant shall also notify the Board when the action is filed.
 21. Requires the Board to annually report to the Legislature and Governor.

Fiscal Impact for CSLB:

- Costs to the CSLB Fund for one additional Enforcement Representative to handle the Board's recommended disciplinary actions at an initial cost of \$135,000 and \$127,000 ongoing, and increased Attorney General costs, for a total initial cost of approximately \$940,000, and \$925,000 ongoing.

Prior Legislation:

SB 119 (Hill, 2015) contained similar language but established the new Safe Excavation Authority under CSLB, rather than at the Office of the State Fire Marshal. The Governor vetoed this bill.

Governor's Veto Message for SB 119

I am returning Senate Bill 119 without my signature.

This bill would create the California Underground Facilities Safe Excavation Advisory Committee, within the Contractors' State Licensing Board, in order to enforce existing and new provisions related to safe excavation.

I understand that the telecommunications and cable companies have resisted providing explicit enforcement authority to the Public Utilities Commission over excavation safety. However, it is the Public Utilities Commission, and not the Contractors' State Licensing Board, that has the technical expertise and funds and should be given full authority to enforce and regulate excavation activities near subsurface installations.

This is a matter of public safety, and I look forward to working closely with the author to achieve our mutual goal.

Board Position and Comments:

WATCH. The Board took a watch position at a prior meeting, so no further action is needed. This bill has been further amended to address the concerns the Governor expressed in his veto message, and the bill no longer has as significant an impact on CSLB as prior legislation.

Date: August 23, 2016

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN ASSEMBLY JUNE 28, 2016

AMENDED IN SENATE JANUARY 4, 2016

AMENDED IN SENATE APRIL 13, 2015

SENATE BILL

No. 661

Introduced by Senator Hill

February 27, 2015

An act to amend Sections 4216, 4216.1, 4216.2, 4216.3, 4216.4, 4216.5, 4216.6, 4216.7, and 4216.9 of, and to add Sections *4216.10*, 4216.12, 4216.13, 4216.14, 4216.15, 4216.16, 4216.17, 4216.18, 4216.19, 4216.21, 4216.22, 4216.23, and 4216.24 to, the Government Code, *and to amend Section 955.5 of the Public Utilities Code*, relating to excavations.

LEGISLATIVE COUNSEL'S DIGEST

SB 661, as amended, Hill. Protection of subsurface installations.

Existing law requires every operator of a subsurface installation, except the Department of Transportation, to become a member of, participate in, and share in the costs of, a regional notification center. Existing law requires any person who plans to conduct any excavation to contact the appropriate regional notification center before commencing that excavation, as specified. Existing law defines a subsurface installation as any underground pipeline, conduit, duct, wire, or other structure. Existing law requires an operator of a subsurface installation, who receives notification of proposed excavation work, within 2 working days of that notification, excluding weekends and

holidays, to mark the approximate location and number of subsurface installations that may be affected by the excavation or to advise that no subsurface installations operated by him or her would be affected. Existing law requires an operator of a subsurface installation that has failed to comply with these provisions to be liable to the excavator for damages, costs, and expenses.

This bill, the Dig Safe Act of 2016, would define *terms for its purposes, including, among others, defining “working day”* for purposes of determining excavation start date and ~~time in the context of these provisions: time.~~

~~The~~

This bill would require an excavator planning to conduct an excavation to delineate the area to be excavated before notifying the appropriate regional notification center of the planned excavation, as provided. The bill would require an operator, before the legal start date and time of the excavation, to locate and field mark, within the area delineated for excavation, its subsurface installations. The bill would require an operator to maintain and preserve all plans and records for any subsurface installation owned by that operator as that information becomes known, as specified. The bill would, commencing November 1, 2017, establish, starting on November 1, 2017, a process for a excavator to request and obtain a continual excavation ticket for an area of continual excavation that is required to be valid for one year from the date of issuance and eligible for renewal.

This bill would amend the Natural Gas Pipeline Safety Act of 2011 to exclude from its provisions specific kinds of marking and locating of subsurface installations performed in compliance with this act.

This bill would prohibit an excavator that damages a subsurface installation due to an inaccurate field mark, as defined, by an operator from being liable for damages, replacement costs, or other expenses arising from damage to the subsurface installation, provided that the excavator complied with the provisions described above.

~~The~~

This bill would also require the Public Utilities Commission and the Office of the State Fire Marshal to enforce the requirement to locate and field mark subsurface installations and lines against operators of gas corporations, electrical corporations, water corporations, and operators of hazardous liquid pipeline facilities, as specified. The bill would also authorize a local governing board to enforce these provisions on local agencies under its jurisdiction.

This bill would create the California Underground Facilities Safe Excavation Board under, and assisted by the staff of, the Office of the State Fire Marshal. The bill would require the board to coordinate education and outreach activities, develop standards, and enforce, as specified, the provisions described above. The bill would also authorize the board to prescribe rules and regulations as may be necessary or proper to carry out the purposes of these provisions and to exercise the power and duties conferred upon it.

The board would be composed of 9 members who would serve 4-year terms, and 2 nonvoting ex officio members who may be invited by the appointed members of the board. The bill, commencing ~~January~~ July 1, 2018, would require the board to investigate possible violations of the provisions described above, and would authorize the board to transmit the investigation results and any recommended penalty to the state or local agency with jurisdiction over the activity or business undertaken in the commission of the violation, as specified. The bill would require the board to convene an annual meeting and, on or before February 1, 2018, and each year thereafter, to report to the Governor and the Legislature on its activities and any recommendations.

The bill would create the Safe Energy Infrastructure and Excavation Fund in the State Treasury and would provide that moneys deposited into the fund are to be used, upon appropriation by the Legislature, to cover the operational expenses of the board and for educational and outreach purposes, except as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 Dig Safe Act of 2016.
3 SEC. 2. Section 4216 of the Government Code is amended to
4 read:
5 4216. As used in this ~~article~~ *article*, the following definitions
6 apply:
7 (a) ~~“Approximate location of subsurface installations” means~~
8 ~~a strip of land not more than 24 inches on either side of the exterior~~
9 ~~surface of the subsurface installation. “Approximate location” does~~
10 ~~not mean depth.~~

1 (a) “Active subsurface installation” means a subsurface
2 installation currently in use or currently carrying service.

3 (b) “Board” means the California Underground Facilities Safe
4 Excavation Board.

5 (c) “Area of continual excavation” means a location where
6 excavation is part of the normal business activities of that location,
7 including, but not limited to, agricultural operations and flood
8 control facilities.

9 (d) “Delineate” means to mark in white the location or path of
10 the proposed excavation using the guidelines in Appendix B of the
11 “Guidelines for Excavation Delineation” published in the most
12 recent version of the Best Practices guide of the Common Ground
13 Alliance. If there is a conflict between the marking practices in
14 those guidelines and other provisions of this article, this article
15 shall control. “Delineation” also includes physical identification
16 of the area to be excavated using pink marking, if an excavator
17 makes a determination that standard delineation may be misleading
18 to those persons using affected streets and highways, or be
19 misinterpreted as a traffic or pedestrian control, and the excavator
20 has contacted the regional notification center to advise the
21 operators that the excavator will physically identify the area to be
22 excavated using pink markings.

23 (e) “Electronic positive response” means an electronic response
24 from an operator to the regional notification center providing the
25 status of an operator’s statutorily required response to a ticket.

26 (f) (1) “Emergency” means a sudden, unexpected occurrence,
27 involving a clear and imminent danger, demanding immediate
28 action to prevent or mitigate loss of, or damage to, life, health,
29 property, or essential public services.

30 (2) “Unexpected occurrence” includes, but is not limited to, a
31 fire, flood, earthquake or other soil or geologic movement, riot,
32 accident, damage to a subsurface installation requiring immediate
33 repair, or sabotage.

34 (b)

35 (g) “Excavation” means any operation in which earth, rock, or
36 other material in the ground is moved, removed, or otherwise
37 displaced by means of tools, equipment, or explosives in any of
38 the following ways: grading, trenching, digging, ditching, drilling,
39 augering, tunneling, scraping, cable or pipe plowing and driving,
40 or any other way.

(e)

(h) Except as provided in Section 4216.8, “excavator” means any person, firm, contractor or subcontractor, owner, operator, utility, association, corporation, partnership, business trust, public agency, or other entity that, with their, or his or her, own employees or equipment performs any excavation.

~~(d) “Emergency” means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services. “Unexpected occurrence” includes, but is not limited to, fires, floods, earthquakes or other soil or geologic movements, riots, accidents, damage to a subsurface installation requiring immediate repair, or sabotage.~~

(i) *“Hand tool” means a piece of equipment used for excavating that uses human power and is not powered by any motor, engine, hydraulic, or pneumatic device.*

(e)

(j) “High priority subsurface installation” means high-pressure natural gas pipelines with normal operating pressures greater than 415kPA gauge (60psig), petroleum pipelines, pressurized sewage pipelines, high-voltage electric supply lines, conductors, or cables that have a potential to ground of greater than or equal to 60kv, or hazardous materials pipelines that are potentially hazardous to workers or the public if damaged.

~~(f) “Inquiry identification number” means the number that is provided by a regional notification center to every person who contacts the center pursuant to Section 4216.2. The inquiry identification number shall remain valid for not more than 28 calendar days from the date of issuance, and after that date shall require regional notification center revalidation.~~

(k) *“Inactive subsurface installation” means either of the following:*

(1) The portion of an underground subsurface installation that is not active but is still connected to the subsurface installation, or to any other subsurface installation, that is active or still carries service.

(2) A new underground subsurface installation that has not been connected to any portion of an existing subsurface installation.

(l) “Legal excavation start date and time” means two working days, not including the date of notification, unless the excavator specifies a later date and time, which shall not be more than 14 calendar days from the date of notification. For excavation in an area of continual excavation, “legal excavation start date and time” means two working days, not including the date of notification, unless the excavator specifies a later date and time, which shall not be more than six months from the date of notification.

(g)
(m) “Local agency” means a city, county, city and county, school district, or special district.

(n) (1) “Locate and field mark” means to indicate the existence of any owned or maintained subsurface installations by using the guidelines in Appendix B of the “Guidelines for Operator Facility Field Delineation” published in the most recent version of the Best Practices guide of the Common Ground Alliance and in conformance with the uniform color code of the American Public Works Association. If there is a conflict between the marking practices in the guidelines and this article, this article shall control.

(2) “Locate and field mark” does not require an indication of the depth.

(h)
(o) “Operator” means any person, corporation, partnership, business trust, public agency, or other entity that owns, operates, or maintains a subsurface installation. For purposes of Section 4216.1, an “operator” does not include an owner of real property where subsurface facilities installations are exclusively located if they are used exclusively to furnish services on that property and the subsurface facilities are under the operation and control of that owner.

(i)
(p) “Qualified person” means a person who completes a training program in accordance with the requirements of Title 8, Section 1509 of Title 8 of the California Code of Regulations, Section 1509, Regulations Injury and Illness Prevention Program, that meets the minimum locators training guidelines and practices of Common Ground Alliance current Best Practices published in the most recent version of the Best Practices guide of the Common Ground Alliance.

~~(j)~~

(q) “Regional notification center” means a nonprofit association or other organization of operators of subsurface installations that provides advance warning of excavations or other work close to existing subsurface installations, for the purpose of protecting those installations from damage, removal, relocation, or repair.

~~(k)~~

(r) “State agency” means every state agency, department, division, bureau, board, or commission.

~~(t)~~

(s) “Subsurface installation” means any underground pipeline, conduit, duct, wire, or other structure, except nonpressurized sewerlines, nonpressurized storm drains, or other nonpressurized drain lines.

(t) “Ticket” means an excavation location request issued a number by the regional notification center.

(u) “Tolerance zone” means 24 inches on each side of the field marking placed by the operator in one of the following ways:

(1) Twenty-four inches from each side of a single marking, assumed to be the centerline of the subsurface installation.

(2) Twenty-four inches plus one-half the specified size on each side of a single marking with the size of installation specified.

(3) Twenty-four inches from each outside marking that graphically shows the width of the outside surface of the subsurface installation on a horizontal plane.

~~(m)~~

(v) “Working day” for the purposes of determining excavation start date and time means a weekday Monday through Friday, from 7:00 a.m. to 5:00 p.m., except for federal holidays and state holidays, as defined in Section 19853, or as otherwise posted on the Internet Web site of the regional notification center.

SEC. 3. Section 4216.1 of the Government Code is amended to read:

4216.1. Every operator of a subsurface installation, except the Department of Transportation, shall become a member of, participate in, and share in the costs of, a regional notification center. Operators of subsurface installations who are members of, participate in, and share in, the costs of a regional notification center, including, but not limited to, the Underground Service Alert—Northern California or the Underground Service

1 Alert—Southern California are in compliance with this section
2 and Section 4216.9. *A regional notification center shall not charge*
3 *a fee to a person for notifying the regional notification center to*
4 *obtain a ticket or to renew a ticket.*

5 SEC. 4. Section 4216.2 of the Government Code is amended
6 to read:

7 4216.2. (a) Before notifying the appropriate regional
8 notification center, an excavator planning to conduct an excavation
9 shall delineate the area to be excavated. If the area is not delineated,
10 an operator may, at the operator's discretion, choose not to locate
11 and field mark until the area to be excavated has been delineated.

12 (b) Except in an emergency, an excavator planning to conduct
13 an excavation shall notify the appropriate regional notification
14 center of the excavator's intent to excavate at least two working
15 days, and not more than 14 calendar days, before beginning that
16 excavation. The date of the notification shall not count as part of
17 the two-working-day notice. If an excavator gives less notice than
18 the legal excavation start date and time and the excavation is not
19 an emergency, the regional notification center will take the
20 information and provide a ticket, but an operator has until the legal
21 excavation start date and time to respond. However, an excavator
22 and an operator may mutually agree to a different notice and start
23 date. The contact information for operators notified shall be
24 available to the excavator.

25 (c) When the excavation is proposed within 10 feet of a high
26 priority subsurface installation, the operator of the high priority
27 subsurface installation shall notify the excavator of the existence
28 of the high priority subsurface installation ~~prior to the legal~~
29 ~~excavation start date and time, and to~~ set up an onsite meeting
30 *prior to the legal excavation start date and time or* at a mutually
31 agreed upon time to determine actions or activities required to
32 verify the location and prevent damage to the high priority
33 subsurface installation. As part of the meeting, the excavator shall
34 discuss with the operator the method and tools that will be used
35 during the excavation. *excavation and the information the operator*
36 *will provide to assist in verifying the location of the subsurface*
37 *installation.* The excavator shall not begin excavating until after
38 the completion of the onsite meeting.

39 (d) Except in an emergency, every excavator covered by Section
40 4216.8 planning to conduct an excavation on private property that

1 does not require an excavation permit may contact the appropriate
2 regional notification center if the private property is known, or
3 reasonably should be known, to contain a subsurface installation
4 other than the underground facility owned or operated by the
5 excavator. Before notifying the appropriate regional notification
6 center, an excavator shall delineate the area to be excavated. Any
7 temporary marking placed at the planned excavation location shall
8 be clearly seen, functional, and considerate to surface aesthetics
9 and the local community. An excavator shall check if any local
10 ordinances apply to the placement of temporary markings.

11 (e) The regional notification center shall provide a ticket to the
12 person who contacts the center pursuant to this section and shall
13 notify any member, if known, who has a subsurface installation
14 in the area of the proposed excavation. A ticket shall be valid for
15 28 days from the date of issuance. If work continues beyond 28
16 days, the excavator shall renew the ticket either by accessing the
17 center's Internet Web site or by calling "811" by the end of the
18 28th day.

19 (f) A record of all notifications by an excavator or operator to
20 the regional notification center shall be maintained for a period of
21 not less than three years. The record shall be available for
22 inspection by the excavator and any member, or their
23 representative, during normal working hours and according to
24 guidelines for inspection as may be established by the regional
25 notification centers.

26 (g) Unless an emergency exists, an excavator shall not begin
27 excavation until the excavator receives a ~~positive~~ response from
28 all known *operators of* subsurface installations within the
29 delineated boundaries of the proposed area of ~~excavation.~~
30 *excavation pursuant to subdivision (a) of Section 4216.3 and until*
31 *the completion of any onsite meeting, if required by subdivision*
32 *(c).*

33 (h) If a site requires special access, an excavator shall request
34 an operator to contact the excavator regarding that special access
35 or give special instructions on the location request.

36 (i) If a ticket obtained by an excavator expires but work is
37 ongoing, the excavator shall call into the regional notification
38 center and get a new ticket and wait a minimum of two working
39 days, not including the date of call in, before restarting excavation.
40 All excavation shall cease during the waiting period.

SEC. 5. Section 4216.3 of the Government Code is amended to read:

4216.3. (a) (1) (A) Unless the excavator and operator mutually agree to a later start date and time, or otherwise agree to the sequence and timeframe in which the operator will locate and field mark, an operator shall do one of the following before the legal excavation start date and time:

(i) Locate and field mark within the area delineated for excavation and, where multiple subsurface installations of the same type are known to exist together, mark the number of subsurface installations.

(ii) To the extent and degree of accuracy that the information is available, provide information to an excavator where the operator's active or inactive subsurface installations are located.

(iii) Advise the excavator it operates no subsurface installations in the area delineated for excavation.

(B) An operator shall mark newly installed subsurface installations in areas with continuing excavation activity.

(C) An operator shall indicate with an "A" inside a circle the presence of any abandoned subsurface installations, if known, within the delineated area. The markings are to make an excavator aware that there are abandoned subsurface installations within that delineated work area.

(2) Only a qualified person shall perform subsurface installation locating activities.

(3) A qualified person performing subsurface installation locating activities on behalf of an operator shall use a minimum of a single-frequency utility locating device and shall have access to alternative sources for verification, if necessary.

(4) An operator shall amend, update, maintain, and preserve all plans and records for its subsurface installations as that information becomes known. If there is a change in ownership of a subsurface installation, the records shall be turned over to the new operator. Commencing January 1, 2017, records on abandoned subsurface installations, to the extent that those records exist, shall be retained.

(b) If the field marks are no longer reasonably visible, an excavator shall renotify the regional notification center with a request for remarks that can be for all or a portion of the excavation. Excavation shall cease in the area to be remarked. If the delineation markings are no longer reasonably visible, the

1 excavator shall redelineate the area to be remarked. If remarks are
2 requested, the operator shall have two working days, not including
3 the date of request, to remark the subsurface installation. If the
4 area to be remarked is not the full extent of the original excavation,
5 the excavator shall delineate the portion to be remarked and provide
6 a description of the area requested to be remarked on the ticket.
7 The excavator shall provide a description for the area to be
8 remarked that falls within the area of the original location request.

9 (c) Commencing January 1, 2018, every operator may supply
10 an electronic positive response through the regional notification
11 center before the legal excavation start date and time. The regional
12 notification center shall make those responses available to the
13 excavator.

14 (d) The excavator shall notify the appropriate regional
15 notification center of the failure of an operator to identify
16 subsurface installations pursuant to subparagraph (A) or (B) of
17 paragraph (1) of subdivision (a), or subdivision (b). The notification
18 shall include the ticket issued by the regional notification center.
19 A record of all notifications received pursuant to this subdivision
20 shall be maintained by the regional notification center for a period
21 of not less than three years. The record shall be available for
22 inspection pursuant to subdivision (f) of Section 4216.2.

23 (e) If an operator or local agency knows that it has a subsurface
24 installation embedded or partially embedded in the pavement that
25 is not visible from the surface, the operator or local agency shall
26 contact the excavator before pavement removal to communicate
27 and determine a plan of action to protect that subsurface installation
28 and excavator.

29 SEC. 6. Section 4216.4 of the Government Code is amended
30 to read:

31 4216.4. (a) (1) Except as provided in paragraph (2), if an
32 excavation is within the tolerance zone of a subsurface installation,
33 the excavator shall determine the exact location of the subsurface
34 installations in conflict with the excavation using hand tools before
35 using any power-driven excavation or boring equipment within
36 the tolerance zone of the subsurface installations. In all cases the
37 excavator shall use reasonable care to prevent damaging subsurface
38 installations.

39 (2) (A) An excavator may use a vacuum excavation device to
40 expose subsurface installations within the tolerance zone if the

1 operator has marked the subsurface installation, the excavator has
2 contacted any operator whose subsurface installations may be in
3 conflict with the excavation, and the operator has agreed to the
4 use of a vacuum excavation device. An excavator shall inform the
5 regional notification center of his or her intent to use a vacuum
6 excavation device when obtaining a ticket.

7 (B) An excavator may use power-operated or boring equipment
8 for the removal of any existing pavement only if there is no known
9 subsurface installation contained in the pavement.

10 (3) An excavator shall presume all subsurface installations to
11 be active, and shall use the same care around subsurface
12 installations that may be inactive as the excavator would use around
13 active subsurface installations.

14 (b) If the exact location of the subsurface installation cannot be
15 determined by hand excavating in accordance with subdivision
16 (a), the excavator shall request the operator to provide additional
17 information to the excavator, to the extent that information is
18 available to the operator, to enable the excavator to determine the
19 exact location of the installation. If the excavator has questions
20 about the markings that an operator has placed, the excavator may
21 contact the notification center to send a request to have the operator
22 contact the excavator directly. The regional notification center
23 shall provide the excavator with the contact telephone number of
24 the subsurface installation operator.

25 (c) (1) An excavator discovering or causing damage to a
26 subsurface installation, including all breaks, leaks, nicks, dents,
27 gouges, grooves, or other damage to subsurface installation lines,
28 conduits, coatings, or cathodic protection, shall immediately notify
29 the subsurface installation operator. The excavator may contact
30 the regional notification center to obtain the contact information
31 of the subsurface installation operator. If the operator is unknown
32 and the damage or discovery of damage occurs outside the working
33 hours of the regional notification center, the excavator may follow
34 the instructions provided by the regional notification center through
35 its Internet web site or the telephone line recorded message.

36 (2) An excavator shall call 911 emergency services upon
37 discovering or causing damage to either of the following:

38 (A) A natural gas or hazardous liquid pipeline subsurface
39 installation in which the damage results in the escape of any
40 flammable, toxic, or corrosive gas or liquid.

1 (B) A high priority subsurface installation of any kind.

2 (d) Each excavator, operator, or locator shall communicate with
3 each other and respect the appropriate safety requirements and
4 ongoing activities of the other parties, if known, at an excavation
5 site.

6 ~~SEC. 7. Section 4216.5 of the Government Code is amended~~
7 ~~to read:~~

8 ~~4216.5. The requirements of this article apply to state agencies~~
9 ~~and to local agencies that own or operate subsurface installations;~~
10 ~~except as otherwise provided in Section 4216.1. A local agency~~
11 ~~that is required to provide the services described in Section 4216.3~~
12 ~~may charge a fee in an amount sufficient to cover the cost of~~
13 ~~providing that service.~~

14 ~~SEC. 8.~~

15 *SEC. 7.* Section 4216.6 of the Government Code is amended
16 to read:

17 4216.6. (a) (1) Any operator or excavator who negligently
18 violates this article is subject to a civil penalty in an amount not
19 to exceed ten thousand dollars (\$10,000).

20 (2) Any operator or excavator who knowingly and willfully
21 violates any of the provisions of this article is subject to a civil
22 penalty in an amount not to exceed fifty thousand dollars (\$50,000).

23 (3) Except as otherwise specifically provided in this article, this
24 section is not intended to affect any civil remedies otherwise
25 provided by law for personal injury or for property damage,
26 including any damage to subsurface installations, nor is this section
27 intended to create any new civil remedies for those injuries or that
28 damage.

29 (4) This article shall not be construed to limit any other provision
30 of law granting governmental immunity to state or local agencies
31 or to impose any liability or duty of care not otherwise imposed
32 by law upon any state or local agency.

33 (b) An action may be brought by the Attorney General, the
34 district attorney, or the local or state agency that issued the permit
35 to excavate, for the enforcement of the civil penalty pursuant to
36 this section in a civil action brought in the name of the people of
37 the State of California. If penalties are collected as a result of a
38 civil suit brought by a state or local agency for collection of those
39 civil penalties, the penalties imposed shall be paid to the general
40 fund of the agency. If more than one agency is involved in

1 enforcement, the penalties imposed shall be apportioned among
2 them by the court in a manner that will fairly offset the relative
3 costs incurred by the state or local agencies, or both, in collecting
4 these fees.

5 (c) The requirements of this article may also be enforced
6 following a recommendation of the California Underground
7 Facilities Safe Excavation Board by the following agencies, that
8 shall act to accept, amend, or reject the recommendations of the
9 board as follows:

10 (1) The Registrar of Contractors of the Contractors' State
11 License Board shall enforce the provisions of this article on
12 contractors, as defined in Article 2 (commencing with Section
13 7025) of Chapter 9 of Division 3 of the Business and Professions
14 ~~Code~~. *Code, and telephone corporations, as defined in Section*
15 *234 of the Public Utilities Code, when acting as a contractor, as*
16 *defined in Article 2 (commencing with Section 7025) of Chapter*
17 *9 of Division 3 of the Business and Professions Code. Nothing in*
18 *this section affects the California Public Utilities Commission's*
19 *existing authority over a public utility.*

20 (2) The Public Utilities Commission shall enforce the provisions
21 of this article on gas corporations, as defined in Section 222 of the
22 Public Utilities Code, and electrical corporations, as defined in
23 Section 218 of the Public Utilities Code, and water corporations,
24 as defined in Section 241 of the Public Utilities Code.

25 (3) The Office of the State Fire Marshal shall enforce the
26 provisions of this article on operators of hazardous liquid pipeline
27 facilities, as defined in Section 60101 of Chapter 601 of Subtitle
28 VIII of Title 49 of the United States Code.

29 (d) A local governing board may enforce the provisions of this
30 article on local agencies under the governing board's jurisdiction.

31 (e) The California Underground Facilities Safe Excavation
32 Board shall enforce the provisions of this article on persons other
33 than those listed in subdivisions (c) and (d).

34 (f) Moneys collected as a result of penalties imposed pursuant
35 to subdivisions (c) and (e) shall be deposited into the Safe Energy
36 Infrastructure and Excavation Fund.

37 (g) Statewide information provided by operators and excavators
38 regarding ~~facility incident~~ events shall be compiled and made
39 available in an annual report by regional notification centers and
40 posted on the Internet Web sites of the regional notification centers.

(h) For purposes of subdivision (g), the following terms have the following meanings:

(1) “Incident event” means the occurrence of excavator downtime, damages, near misses, and violations.

(2) “Statewide information” means information submitted by operators and excavators using the California Regional Common Ground Alliance’s Virtual Private Damage Information Reporting Tool. Supplied data shall comply with the Damage Information Reporting Tool’s minimum essential information as listed in the most recent version of the Best Practices guide of the Common Ground Alliance.

~~SEC. 9.~~

SEC. 8. Section 4216.7 of the Government Code is amended to read:

4216.7. (a) If a subsurface installation is damaged by an excavator as a result of failing to comply with Section 4216.2 or 4216.4, or subdivision (b) of Section 4216.3, or as a result of failing to comply with the operator’s requests to protect the subsurface installation as specified by the operator before the start of excavation, the excavator shall be liable to the operator of the subsurface installation for resulting damages, costs, and expenses to the extent the damages, costs, and expenses were proximately caused by the excavator’s failure to comply.

(b) If an operator has failed to become a member of, participate in, or share in the costs of, a regional notification center, that operator shall forfeit his or her claim for damages to his or her subsurface installation arising from an excavation against an excavator who has complied with this article to the extent damages were proximately caused by the operator’s failure to comply with this article.

(c) If an operator of a subsurface installation without a reasonable basis, as determined by a court of competent jurisdiction, has failed to comply with the provisions of Section 4216.3, including, but not limited to, the requirement to field mark the appropriate location of subsurface installations within two working days of notification, as defined by subdivision ~~(m)~~ (v) of Section 4216 and subdivision (b) of Section 4216.2, has failed to comply with subdivision (c) of Section 4216.2, or has failed to comply with subdivision (b) of Section 4216.4, the operator shall be liable for damages to the excavator who has complied with

1 Section 4216.2, subdivisions (b) and (d) of Section 4216.3, and
2 Section 4216.4, including liquidated damages, liability, losses,
3 costs, and expenses, actually incurred by the excavator, resulting
4 from the operator's failure to comply with these specified
5 requirements to the extent the damages, costs, and expenses were
6 proximately caused by the operator's failure to comply.

7 (d) An excavator who damages a subsurface installation due to
8 an inaccurate field mark by an operator, or by a third party under
9 contract to perform field marking for the operator, shall not be
10 liable for damages, replacement costs, or other expenses arising
11 from damages to the subsurface installation if the excavator
12 complied with Sections 4216.2 and 4216.4.

13 This section is not intended to create any presumption or to affect
14 the burden of proof in any action for personal injuries or property
15 damage, other than damage to the subsurface installation, nor is
16 this section intended to affect, create, or eliminate any remedy for
17 personal injury or property damage, other than damage to the
18 subsurface installation.

19 (e) For the purposes of this section, "inaccurate field mark"
20 means a mark, or set of markings, made pursuant to Section 4216.3,
21 that did not correctly indicate the approximate location of a
22 subsurface installation affected by an excavation and includes the
23 actual physical location of a subsurface installation affected by an
24 excavation that should have been marked pursuant to Section
25 4216.3 but was not.

26 (f) Nothing in this section shall be construed to do any of the
27 following:

28 (1) Affect claims including, but not limited to, third-party claims
29 brought against the excavator or operator by other parties for
30 damages arising from the excavation.

31 (2) Exempt the excavator or operator from his or her duty to
32 mitigate any damages as required by common or other applicable
33 law.

34 (3) Exempt the excavator or operator from liability to each other
35 or third parties based on equitable indemnity or comparative or
36 contributory negligence.

37 ~~SEC. 10.~~

38 *SEC. 9.* Section 4216.9 of the Government Code is amended
39 to read:

1 4216.9. (a) A permit to excavate issued by any local agency,
2 as defined in Section 4216, or any state agency, shall not be valid
3 unless the applicant has been provided an initial ticket by a regional
4 notification center pursuant to Section 4216.2. For purposes of
5 this section, “state agency” means every state agency, department,
6 division, bureau, board, or commission, including the Department
7 of Transportation.

8 (b) This article does not exempt any person or corporation from
9 Sections 7951, 7952, and 7953 of the Public Utilities Code.

10 *SEC. 10. Section 4216.10 is added to the Government Code,*
11 *to read:*

12 *4216.10. (a) In lieu of the notification and locate and field*
13 *mark requirements of Sections 4216.2 and 4216.3, an excavator*
14 *may contact a regional notification center to request a continual*
15 *excavation ticket for an area of continual excavation. The regional*
16 *notification center shall provide a ticket to the person who contacts*
17 *the center pursuant to this section and shall notify any member, if*
18 *known, who has a subsurface installation in the area of continual*
19 *excavation. The ticket provided to the excavator shall include the*
20 *contact information for notified operators.*

21 *(b) An operator shall provide a response to the excavator*
22 *pursuant to subdivision (a) of Section 4216.3.*

23 *(c) (1) When the area of continual excavation includes, or is*
24 *within 10 feet of, a high priority subsurface installation, the*
25 *operator of the high priority subsurface installation shall notify*
26 *the excavator of the existence of the high priority subsurface*
27 *installation to set up an onsite meeting prior to the legal excavation*
28 *start date and time or at a mutually agreed upon time to determine*
29 *actions or activities required to verify the location and to prevent*
30 *damage to the high priority subsurface installation during the*
31 *continual excavation time period. The onsite meeting shall be used*
32 *to develop a mutually agreed upon plan for an area of continual*
33 *excavation. Additional onsite meetings should also be held*
34 *following unexpected occurrences or prior to excavation activities*
35 *that may create conflicts with subsurface installations. As part of*
36 *the meeting, the excavator shall discuss with the operator the*
37 *method and tools that will be used during the excavation and the*
38 *information the operator will provide to assist in verifying the*
39 *location of the subsurface installation. The excavator shall not*
40 *begin excavating until after the completion of the onsite meeting*

1 and information has been provided describing the activities that
2 can be safely conducted to prevent damage to the high priority
3 subsurface installation.

4 (2) When the area of continual excavation includes a subsurface
5 installation but does not include, or is not within 10 feet of, a high
6 priority subsurface installation, the excavator or the operator may
7 request an onsite meeting at a mutually agreed upon time to
8 determine actions or activities required to verify the location and
9 to prevent damage to the subsurface installation during the
10 continual excavation time period. The onsite meeting may be used
11 to develop a plan for an area of continual excavation. The operator
12 and excavator may mutually agree to conduct additional onsite
13 meetings following unexpected occurrences or prior to excavation
14 activities that may create conflicts with subsurface installations.
15 As part of the meeting, the excavator may discuss with the operator
16 the method and tools that will be used during the excavation and
17 the information the operator will provide to assist in verifying the
18 location of the subsurface installation. If an onsite meeting is
19 requested prior to the legal excavation start date and time, the
20 excavator shall not begin excavating until after the completion of
21 the onsite meeting and information has been provided describing
22 the activities that can be safely conducted to prevent damage to
23 the subsurface installation.

24 (3) The excavator and operator shall maintain records regarding
25 the plan of excavation, any locate and field mark and standby
26 activities, and any other information deemed necessary by the
27 excavator and operator. Excavation activities outside the scope
28 of the plan shall be undertaken subsequent to notification pursuant
29 to Section 4216.2.

30 (d) A ticket for an area of continual excavation shall be valid
31 for one year from the date of issuance. The excavator may renew
32 the ticket within two working days either by accessing the regional
33 notification center's Internet Web site or by calling "811."

34 (e) The board shall, in consultation with the regional notification
35 centers, develop through regulation a process by which the renewal
36 requirement for a continual excavation ticket may be modified or
37 eliminated for areas of continual excavation in which no subsurface
38 installations are present.

39 (f) This section shall become operative on November 1, 2017.

1 SEC. 11. Section 4216.12 is added to the Government Code,
2 to read:

3 4216.12. (a) The California Underground Facilities Safe
4 Excavation Board is hereby created under, and shall be assisted
5 by the staff of, the Office of the State Fire Marshal.

6 (b) The board shall perform the following tasks:

7 (1) Coordinate education and outreach activities that encourage
8 safe excavation practices, as described in Section 4216.17.

9 (2) Develop standards, as described in Section 4216.18.

10 (3) Investigate possible violations of this article, as described
11 in Section 4216.19.

12 (4) Enforce this article to the extent authorized by subdivision
13 (e) of Section 4216.6.

14 (c) Notwithstanding any other law, on and after January 1, 2019,
15 the board shall be subject to review by the appropriate policy
16 committees of the Legislature.

17 SEC. 12. Section 4216.13 is added to the Government Code,
18 to read:

19 4216.13. (a) The board shall be composed of nine members,
20 of which seven shall be appointed by the Governor, one shall be
21 appointed by the Speaker of the Assembly, and one shall be
22 appointed by the Senate Committee on Rules.

23 (b) The seven members appointed by the Governor shall be
24 appointed, as follows:

25 (1) Three members shall have knowledge and expertise in the
26 operation of subsurface installations. Of those three members, one
27 shall have knowledge and expertise in the operation of the
28 subsurface installations of a municipal utility. At least one of the
29 three members shall have knowledge and experience in the
30 operation of high priority subsurface installations.

31 (2) Three members shall have knowledge and experience in
32 contract excavation for employers who are not operators of
33 subsurface installations. Of the three members, one member shall
34 be a general engineering contractor, one member shall be a general
35 building contractor, and one member shall be a specialty contractor.
36 For the purposes of this section, the terms “general engineering
37 contractor,” “general building contractor,” and “specialty
38 contractor” shall have the meanings given in Article 4
39 (commencing with Section 7055) of Chapter 9 of Division 3 of
40 the Business and Professions Code.

(3) One member shall have knowledge and expertise in ~~subsurface installation location and marking, and shall not be under the direct employment of an operator.~~ *performing or managing agricultural operations in the vicinity of subsurface installations.*

(c) The member appointed by the Speaker of the Assembly shall have knowledge and expertise in representing in safety matters the workers employed by contract excavators.

(d) The member appointed by the Senate Committee on Rules shall have knowledge and expertise in ~~managing the underground installations on one's own property, and may be drawn from agricultural, commercial, or residential, or other, property sectors.~~ *subsurface installation location and marking and shall not be under the direct employment of an operator.*

(e) The board may invite two directors of operations of regional notification centers to be nonvoting ex officio members of the board.

SEC. 13. Section 4216.14 is added to the Government Code, to read:

4216.14. (a) The term of a member of the board is four years. Of the first members of the board, four members, determined by lot, shall serve for two years so that the terms of the members shall be staggered.

(b) A member shall not be appointed for more than two consecutive full terms.

(c) To the extent possible, the appointing power shall fill any vacancy in the membership of the board within 60 days after the vacancy occurs.

(d) Upon the recommendation of the board, the Governor may remove a member appointed by the Governor for incompetence or misconduct.

(e) The board shall select a chairperson from among its members at the first meeting of each calendar year or when a vacancy in the chair exists.

(f) Subject to subdivision (g), the manner in which the chairperson is selected and the chairperson's term of office shall be determined by the board.

(g) A member of the board shall not serve more than two consecutive years as the chairperson of the board.

SEC. 14. Section 4216.15 is added to the Government Code, to read:

1 4216.15. The board shall meet at least once every three months.
2 The board shall hold meetings in Sacramento and Los Angeles,
3 and in other locations in the state it deems necessary.

4 SEC. 15. Section 4216.16 is added to the Government Code,
5 to read:

6 4216.16. The board may obtain funding for its operational
7 expenses from:

8 (a) A federal ~~or state~~ grant.

9 (b) A fee charged to members of the regional notification centers
10 not to exceed the reasonable regulatory cost incident to enforcement
11 of this article. *The board shall apportion the fee in a manner*
12 *consistent with formulas used by the regional notification centers.*
13 Revenues derived from the imposition of this fee shall be deposited
14 in the Safe Energy Infrastructure and Excavation Fund.

15 (c) Any other source.

16 (d) *The board shall not charge a fee to a person for notifying*
17 *the regional notification center to obtain a ticket or to renew a*
18 *ticket.*

19 SEC. 16. Section 4216.17 is added to the Government Code,
20 to read:

21 4216.17. (a) The board shall annually convene a meeting for
22 the following purposes:

23 (1) To understand the existing needs for education and outreach,
24 including to those groups with the highest awareness and education
25 needs, including, but not limited to, homeowners.

26 (2) To facilitate discussion on how to coordinate existing
27 education and outreach efforts with state and local government
28 agencies, California operators, regional notification centers, and
29 trade associations that fund outreach and education programs that
30 encourage safe excavation practices.

31 (3) To determine the areas in which additional education and
32 outreach efforts may be targeted through use, upon appropriation
33 by the Legislature, of the moneys in the Safe Energy Infrastructure
34 and Excavation Fund pursuant to subdivision (c).

35 (b) In addition to state and local government agencies, California
36 operators, regional notification centers, and trade associations that
37 fund outreach and education programs that encourage safe
38 excavation practices, the meeting pursuant to subdivision (a) shall
39 include representatives of groups that may be the target of those
40 outreach and education efforts.

(c) Upon appropriation by the Legislature, the board shall grant the use of the moneys in the Safe Energy Infrastructure and Excavation Fund to fund public education and outreach programs designed to promote excavation safety around subsurface installations and targeted towards specific excavator groups, giving priority to those with the highest awareness and education needs, including, but not limited to, homeowners.

SEC. 17. Section 4216.18 is added to the Government Code, to read:

4216.18. The board shall develop a standard or set of standards relevant to safety practices in excavating around subsurface installations and procedures and guidance in encouraging those practices. When possible, standards should be informed by publicly available data, including, but not limited to, that collected by state and federal agencies and by the regional notification centers pursuant to subdivision (g) of Section 4216.6, and the board should refrain from using data about facility events not provided either to a state or federal agency or as statewide information, as defined in paragraph (2) of subdivision (h) of Section 4216.6. The standard or set of standards are not intended to replace other relevant standards, including the Best Practices of the Common Ground Alliance, but are to inform areas currently without established standards. The standard or set of standards shall address all of the following:

(a) Evidence necessary for excavators and operators to demonstrate compliance with Sections 4216.2, 4216.3, and 4216.4.

(b) What constitutes reasonable care, as required by paragraph (1) of subdivision (a) of Section 4216.4, in using hand tools around subsurface installations within the tolerance zone, considering the need to balance worker safety in trenches with the protection of subsurface installations. As part of determining reasonable care, the board shall consider the appropriate additional excavating depth an excavator should make if either of the following occur:

(1) The subsurface installation is delineated within the tolerance zone but it is not in conflict with the excavation.

(2) The location of a subsurface installation is determined, but additional subsurface installations may exist immediately below the located subsurface installation.

(c) What constitutes reasonable care, as required by paragraph (1) of subdivision (a) of Section 4216.4, in grading activities on

1 road shoulders and dirt roads which may include standards for
2 potholing.

3 SEC. 18. Section 4216.19 is added to the Government Code,
4 to read:

5 4216.19. (a) The board shall investigate possible violations
6 of this article.

7 (b) The board may investigate reports of incident events, as
8 defined in paragraph (1) of subdivision (h) of Section 4216.6 and
9 complaints from affected parties and members of the public.

10 ~~(c) In furthering the purposes of this article, to the extent that~~
11 ~~resources allow, the board may authorize staff allocated to it by~~
12 ~~the Office of the State Fire Marshal to use compliance audits,~~
13 ~~including field audits, and investigations of incidents.~~

14 ~~(d)~~

15 (c) In determining whether to pursue an investigation, the board
16 shall consider whether the parties have settled the matter and
17 whether further enforcement is necessary as a deterrent to maintain
18 the integrity of subsurface installations and to protect the safety
19 of excavators and the public.

20 ~~(e)~~

21 (d) If the board, upon the completion of an investigation, finds
22 a probable violation of the article, the board ~~may~~ *shall* transmit
23 the investigation results and any recommended penalty to the state
24 or local agency ~~with jurisdiction over the activity or business~~
25 ~~undertaken in commission of the violation, pursuant to subdivision~~
26 ~~(e) of Section 4216.6, and may take action pursuant to subdivision~~
27 ~~(e) of Section 4216.6. pursuant to subdivision (c) or (d) of Section~~
28 ~~4216.6.~~

29 ~~(f)~~

30 (e) Sanctions shall be graduated and may include notification
31 and information letters, direction to attend relevant education, and
32 financial penalties. When considering the issuance of citations and
33 assessment of penalties, the board shall consider all of the
34 following:

35 (1) The type of violation and its gravity.

36 (2) The degree of culpability.

37 (3) The operator's or excavator's history of violations.

38 (4) The operator's or excavator's history of work conducted
39 without violations.

(5) The efforts taken by the violator to prevent violation and, once the violation occurred, the efforts taken to mitigate the safety consequences of the violation.

~~(g)~~

(f) This section shall become operative on ~~January~~ July 1, 2018.

SEC. 19. Section 4216.21 is added to the Government Code, to read:

4216.21. (a) For an investigation that the board undertakes as a result of a complaint of a violation of Section 4216.2, 4216.3, or 4216.4, the complainant shall not file an action in court for damages based on those violations until the investigation is complete, or for 6 months after the investigation begins, whichever comes first, during which time, applicable statutes of limitation shall be tolled.

(b) If a complainant files an action in court against a person for damages based upon violations of Section 4216.2, 4216.3, or 4216.4, after the completion of a board investigation in which the person was found not to have violated the article, the complainant shall also notify the board when the action is filed.

(c) This section only applies to a claim for damages to a subsurface installation.

SEC. 20. Section 4216.22 is added to the Government Code, to read:

4216.22. Consistent with all laws of this state, the board may prescribe rules and regulations as may be necessary or proper to carry out the purposes and intent of this act and to exercise the powers and duties conferred upon it by this act.

SEC. 21. Section 4216.23 is added to the Government Code, to read:

4216.23. (a) Notwithstanding Section 10231.5, the board shall report to the Governor and the Legislature on or before February 1, 2018, and each year thereafter, on the activities of the board and any recommendations of the board.

(b) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795.

SEC. 22. Section 4216.24 is added to the Government Code, to read:

4216.24. The Safe Energy Infrastructure and Excavation Fund is hereby established in the State Treasury. Moneys deposited into the fund shall be used, upon appropriation by the Legislature, to

1 cover the operational expenses of the board and for the purposes
2 specified in subdivision (b) of Section 4216.17, except as follows:

3 ~~(a) Revenues that revenues~~ derived from penalties imposed
4 pursuant to Section 4216.6 shall not be used for operational
5 expenses.

6 ~~(b) Revenues derived from the fee imposed pursuant to Section~~
7 ~~4216.16 shall not be used for the purposes specified in subdivision~~
8 ~~(b) of Section 4216.17.~~

9 *SEC. 23. Section 955.5 of the Public Utilities Code is amended*
10 *to read:*

11 955.5. (a) For purposes of this section, the following terms
12 have the following meanings:

13 (1) “Gas pipeline” means an intrastate distribution line as
14 described in paragraph (1) of, or an intrastate transmission line as
15 described in paragraph (2) of, Section 950.

16 (2) “Hospital” means a licensed general acute care hospital as
17 defined in subdivision (a) of Section 1250 of the Health and Safety
18 Code.

19 (3) “School” means a public or private preschool, elementary,
20 or secondary school.

21 (b) A gas corporation shall provide not less than three working
22 days’ notice to the administration of a school or hospital prior to
23 undertaking nonemergency excavation or construction of a gas
24 ~~pipeline~~ pipeline, *excluding any work that only uses hand tools,*
25 *pneumatic hand tools, or vacuum technology for the purpose of*
26 *marking and locating a subsurface installation pursuant to Article*
27 *2 (commencing with Section 4216) of Chapter 3.1 of Division 5 of*
28 *Title 1 of the Government Code*, if the work is located within 500
29 feet of the school or hospital. The notification shall include all of
30 the following:

31 (1) The name, address, telephone number, and emergency
32 contact information for the gas corporation.

33 (2) The specific location of the gas pipeline where the excavation
34 or construction will be performed.

35 (3) The date and time the excavation or construction is to be
36 conducted and when the work is expected to be completed.

37 (4) An invitation and a telephone number to call for further
38 information on what the school or hospital should do in the event
39 of a leak.

1 (c) The gas corporation shall maintain a record of the date and
2 time of any notification provided to the administration of a school
3 or hospital prior to undertaking nonemergency excavation or
4 construction of a gas pipeline and any subsequent contacts with
5 the administration of a school or hospital relative to the excavation
6 or construction and the actions taken, if any, in response to those
7 subsequent contacts. The gas corporation shall maintain these
8 records and make them available for inspection for no less than
9 five years from the date of the notification.

O

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 1039 (Hill)
Status/Location:	08/25/16 – Assembly Floor
Sponsor:	Various licensing boards
Subject:	Professions and Vocations: Fees
Code Section:	Business & Professions 7137 & 7153.3 (as it pertains to the Contractors State License Board)

Summary:

This bill makes changes and/or raises fees for several boards within the Department of Consumer Affairs (DCA), specifically the Board of Registered Nursing, the Dental Board, the Board of Pharmacy, the Board of Optometry, the Veterinary Medical Board, the Structural Pest Control Board, and the Contractors State License Board (CSLB). The bill also eliminates the Telephone Medical Advice Services Bureau.

As it pertains to CSLB, SB 1039 contains the same language to provide for an increase in the statutory fee caps as that contained in AB 2286 (Mullin), CSLB's sponsored bill that the Board reviewed at the April 2016 Board meeting.

This bill:

1. Authorizes CSLB to establish, by regulation, an expedited process of approval of contractor license applications and home improvement salesperson registrations.
2. Revises CSLB's existing statutory fee schedule to raise most fees, including the initial license and the renewal fee, by 10 percent, setting that amount in statute, and raising the cap by an additional 15 percent, which could be implemented by regulation.
3. Increases the fee to add a classification and to replace a responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee, from \$75 to no more than \$150.
4. Creates a new fee to add personnel, other than a qualifier, to an existing license. Provides that the fee shall be no more than \$100.
5. Provides that the delinquent renewal fee for a home improvement salesperson shall be 50 percent of the renewal fee, to mirror the contractor delinquent renewal fee.

Comments:

Senator Hill, as Chair of the Senate Committee on Business, Professions and Economic Development, chose to author an omnibus-type bill, as several DCA boards planned to seek a fee increase this year. Typically, when a board requires a fee increase, it sponsors its own bill and finds its own author, as CSLB did this year with AB 2286. This is the first time a legislator has authored a bill with multiple board fee increases.

Since SB 1039 is moving forward with CSLB's fee increase included, the Senate Business, Professions and Economic Development Committee will not hear AB 2286, as it is no longer necessary.

Fiscal Impact for CSLB:

Based on CSLB's authorized budget, without a fee increase the Contractor's State License Fund will be in a deficit by the end of fiscal year 2017-18.

Board Position and Comments:

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. This bill contains the proposed fee increases approved previously by the Board.

CSLB needs a statutory fee increase to continue to fulfill its primary mission of consumer protection. CSLB licenses approximately 285,000 contractors and, as a special fund entity, is funded entirely by the fees paid by these licensees. With approval for a fee increase, CSLB can continue its work to provide online license application, and renewal services, which will benefit all licensees. Without a fee increase, CSLB will need to reduce costs in Enforcement, beginning with cuts to proactive enforcement, and hold positions vacant, which will lead to backlogs in license application processing and complaint handling.

CSLB's budget for the current fiscal year is \$63.75 million, with anticipated spending of \$61 million, which reflects continued conservative expenditures. However, CSLB's revenue is about \$57 million a year and the Board has been spending down its reserve to compensate for this discrepancy. By fiscal year 2017-18, CSLB expects to have less than half a month of funding in reserve.

In FY 2012-13, CSLB spent approximately \$54 million and, as noted above, in the current budget year the Board expects to spend approximately \$61 million, an increase of approximately 16 percent, or close to \$8.5 million. While costs have increased in every area over the last few years, the most significant are in Personnel Services, the Department of Consumer Affairs (DCA) pro rata, and Enforcement.

Of that \$8.5 million in increased spending, \$4.4 million went to Personnel Services, which includes salary, benefits, and retirements. During that time, CSLB added four positions, which were approved through the annual budget process. The amount CSLB pays to DCA in pro rata charges (which fund DCA) increased by \$2 million, a significant portion of which is due to the new BreEZe IT system. While CSLB was previously scheduled for inclusion in the BreEZe system, that is not currently the case. CSLB also saw increased Enforcement costs of about \$2 million, primarily for the use of services by the Attorney General's office and the Office of Administrative Hearings.

Date: August 26, 2016

AMENDED IN ASSEMBLY AUGUST 25, 2016

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN ASSEMBLY JUNE 30, 2016

AMENDED IN ASSEMBLY JUNE 22, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE APRIL 21, 2016

AMENDED IN SENATE APRIL 12, 2016

AMENDED IN SENATE APRIL 7, 2016

SENATE BILL

No. 1039

Introduced by Senator Hill

February 12, 2016

An act to amend Sections 655, 1944, 2733, ~~2746.51~~, 2786.5, 2811, 2811.5, 2815, 2815.5, 2816, 2830.7, 2836.3, 2838.2, 4128.2, 4830, 4999, 4999.2, 8516, and 8518 of, to amend, repeal, and add Sections 4400, 7137, and 7153.3 of, to add Sections 2746.53 and 3030 to, to repeal Sections 4999.1, 4999.3, 4999.4, and 4999.6 of, and to repeal and add Sections 2546.9, 2565, 2566, 2566.1, and 4999.5 of, the Business and Professions Code, to amend Section 1348.8 of the Health and Safety Code, and to amend Section 10279 of the Insurance Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1039, as amended, Hill. Professions and vocations.

(1) Existing law requires the Office of Statewide Health Planning and Development to establish the Health Professions Education Foundation to, among other things, solicit and receive funds for the purpose of providing scholarships, as specified.

The bill would state the intent of the Legislature to enact future legislation that would establish a Dental Corps Scholarship Program, as specified, to increase the supply of dentists serving in medically underserved areas.

(2) Existing law, the Dental Practice Act, requires the Dental Hygiene Committee of California to establish by resolution the amount of the fees that relate to the licensing of a registered dental hygienist, a registered dental hygienist in alternative practice, and a registered dental hygienist in extended functions. Existing law prohibits the biennial renewal fee from exceeding \$160. Existing law requires these fees to be deposited in the State Dental Hygiene Fund and makes these moneys subject to appropriation by the Legislature.

This bill would instead prohibit the biennial renewal fee from exceeding \$500.

(3) Existing law makes the State Board of Optometry responsible for the regulation of nonresident contact lens sellers, registered dispensing opticians, spectacle lens dispensers, and contact lens dispensers.

Existing law authorizes the State Board of Optometry to issue a citation containing an order of abatement, an order to pay an administrative fine not to exceed \$50,000, or both, as specified, for a violation of a specific section of law governing the permitted relationship of an optometrist with any registered dispensing optician or any optical company.

This bill would make that \$50,000 limit a limit per investigation.

Existing law establishes regulatory fees for the regulation of nonresident contact lens sellers, registered dispensing opticians, spectacle lens dispensers, and contact lens dispensers, including, but not limited to, an initial registration fee, a renewal fee, and a delinquency fee. Existing law requires these fees to be deposited in the Dispensing Opticians Fund and makes these fees available, subject to appropriation, to the State Board of Optometry.

This bill would establish a specified minimum and maximum application fee amount for nonresident contact lens sellers, registered dispensing opticians, and spectacle lens dispensers. The bill would also establish increased minimum and maximum amounts for those already

established fees. The bill would authorize the State Board of Optometry to periodically revise and fix these fees, as specified.

Existing law authorizes the State Board of Optometry to inspect any premises at which the business of a registered dispensing optician is colocated with the practice of an optometrist for the purposes of determining compliance with the aforementioned written lease agreement provisions.

This bill would authorize the State Board of Optometry at any time to inspect the premises registered with the board in which optometry is being practiced or in which spectacle or contact lenses are fitted or dispensed.

(4) The Nursing Practice Act provides for the licensure and regulation of nurse practitioners by the Board of Registered Nursing, which is within the Department of Consumer Affairs, and requires the board to adopt regulations establishing standards for continuing education for licensees, as specified. That act requires providers of continuing education programs approved by the board to make records of continuing education courses given to registered nurses available for board inspection. That act also prescribes various fees to be paid by licensees and applicants for licensure, and requires these fees to be credited to the Board of Registered Nursing Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would require that the content of a continuing education course be based on generally accepted scientific principles. The bill would also require the board to audit continuing education providers, at least once every 5 years, to ensure adherence to regulatory requirements, and to withhold or rescind approval from any provider that is in violation of regulatory requirements. The bill would raise specified fees, and would provide for additional fees, to be paid by licensees and applicants for licensure pursuant to that act. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

(5) The Pharmacy Law provides for the licensure and regulation of pharmacists by the California State Board of Pharmacy within the Department of Consumer Affairs. That law prescribes various fees to be paid by licensees and applicants for licensure, and requires all fees collected on behalf of the board to be credited to the Pharmacy Board Contingent Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would, on and after July 1, 2017, modify specified fees to be paid by licensees and applicants for licensure pursuant to that act. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

(6) The Veterinary Medicine Practice Act provides for the licensure and regulation of veterinarians by the Veterinary Medical Board, which is within the Department of Consumer Affairs. Under the act, it is unlawful and a misdemeanor for any person to practice veterinary medicine in this state unless he or she holds a valid, unexpired, and unrevoked license issued by the board, except under specified circumstances, including regularly licensed veterinarians in actual consultation from other states, regularly licensed veterinarians actually called from other states to attend cases in this state who do not open an office or appoint a place to do business within the state, or veterinarians employed by the University of California or the Western University of Health Sciences while engaged in the performance of specified duties.

This bill would replace those exceptions with an exception for veterinarians holding a current, valid license in good standing in another state or country who provide assistance to a California licensed veterinarian and attend on a specific case, subject to specified conditions, and an exception for veterinarians called into the state by a law enforcement agency or animal control agency. By requiring additional persons to be licensed under the act that were previously exempt, the bill would expand the definition of an existing crime and, therefore, would result in a state-mandated local program.

(7) Existing law requires businesses that employ, or contract or subcontract with, the full-time equivalent of 5 or more persons functioning as health care professionals, as defined, whose primary function is to provide telephone medical advice, that provide telephone medical advice services to a patient at a California address to be registered with the Telephone Medical Advice Services Bureau and further requires telephone medical advice services to comply with the requirements established by the Department of Consumer Affairs, as specified.

This bill would discontinue the requirement that those businesses be registered with the bureau, would instead make the respective healing arts licensing boards responsible for enforcing those requirements and any other laws and regulations affecting those health care professionals licensed in California, and would make conforming and related changes.

(8) The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board within the Department of Consumer Affairs. That law also prescribes various fees to be paid by licensees and applicants for licensure, requires the board to set the fees by regulation, and requires fees and civil penalties received under that law to be deposited in the Contractors' License Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill, on and after July 1, 2017, would raise specified fees, would instead authorize the board to set the fees by regulation, and would require the board to establish criteria for the approval of expedited processing of applications, as specified. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

(9) Existing law provides for the licensure and regulation of structural pest control operators and registered companies by the Structural Pest Control Board, which is within the Department of Consumer Affairs, and requires a licensee to pay a specified license fee. Existing law makes any violation of those provisions punishable as a misdemeanor. Existing law places certain requirements on a registered company or licensee with regards to wood destroying pests or organisms, including that a registered company or licensee is prohibited from commencing work on a contract until an inspection has been made by a licensed Branch 3 field representative or operator, that the address of each property inspected or upon which work was completed is required to be reported to the board, as specified, and that a written inspection report be prepared and delivered to the person requesting the inspection or his or her agent. Existing law requires the original inspection report to be submitted to the board upon demand. Existing law requires that written report to contain certain information, including a foundation diagram or sketch of the structure or portions of the structure inspected, and requires the report, and any contract entered into, to expressly state if a guarantee for the work is made, and if so, the terms and time period of the guarantee. Existing law establishes the Structural Pest Control Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would require the operator who is conducting the inspection prior to the commencement of work to be employed by a registered company, except as specified. The bill would not require the address of an inspection report prepared for use by an attorney for litigation to

be reported to the board or assessed a filing fee. The bill would require instead that the written inspection report be prepared and delivered to the person requesting it, the property owner, or the property owner's designated agent, as specified. The bill would allow an inspection report to be a complete, limited, supplemental, or reinspection report, as defined. The bill would require all inspection reports to be submitted to the board and maintained with field notes, activity forms, and notices of completion until one year after the guarantee expires if the guarantee extends beyond 3 years. The bill would require the inspection report to clearly list the infested or infected wood members or parts of the structure identified in the required diagram or sketch. By placing new requirements on a registered company or licensee, this bill would expand an existing crime and would, therefore, impose a state-mandated local program.

Existing law requires a registered company to prepare a notice of work completed to give to the owner of the property when the work is completed.

This bill would make this provision only applicable to work relating to wood destroying pests and organisms.

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact future
- 2 legislation that would establish a Dental Corps Scholarship
- 3 Program within the Health Professions Education Foundation to
- 4 increase the supply of dentists serving in medically underserved
- 5 areas.
- 6 SEC. 2. Section 655 of the Business and Professions Code is
- 7 amended to read:
- 8 655. (a) For the purposes of this section, the following terms
- 9 have the following meanings:
- 10 (1) "Health plan" means a health care service plan licensed
- 11 pursuant to the Knox-Keene Health Care Service Plan Act of 1975

1 (Chapter 2.2 (commencing with Section 1340) of Division 2 of
2 the Health and Safety Code).

3 (2) “Optical company” means a person or entity that is engaged
4 in the manufacture, sale, or distribution to physicians and surgeons,
5 optometrists, health plans, or dispensing opticians of lenses, frames,
6 optical supplies, or optometric appliances or devices or kindred
7 products.

8 (3) “Optometrist” means a person licensed pursuant to Chapter
9 7 (commencing with Section 3000) or an optometric corporation,
10 as described in Section 3160.

11 (4) “Registered dispensing optician” means a person licensed
12 pursuant to Chapter 5.5 (commencing with Section 2550).

13 (5) “Therapeutic ophthalmic product” means lenses or other
14 products that provide direct treatment of eye disease or visual
15 rehabilitation for diseased eyes.

16 (b) No optometrist may have any membership, proprietary
17 interest, coownership, or any profit-sharing arrangement, either
18 by stock ownership, interlocking directors, trusteeship, mortgage,
19 or trust deed, with any registered dispensing optician or any optical
20 company, except as otherwise permitted under this section.

21 (c) (1) A registered dispensing optician or an optical company
22 may operate, own, or have an ownership interest in a health plan
23 so long as the health plan does not directly employ optometrists
24 to provide optometric services directly to enrollees of the health
25 plan, and may directly or indirectly provide products and services
26 to the health plan or its contracted providers or enrollees or to other
27 optometrists. For purposes of this section, an optometrist may be
28 employed by a health plan as a clinical director for the health plan
29 pursuant to Section 1367.01 of the Health and Safety Code or to
30 perform services related to utilization management or quality
31 assurance or other similar related services that do not require the
32 optometrist to directly provide health care services to enrollees.
33 In addition, an optometrist serving as a clinical director may not
34 employ optometrists to provide health care services to enrollees
35 of the health plan for which the optometrist is serving as clinical
36 director. For the purposes of this section, the health plan’s
37 utilization management and quality assurance programs that are
38 consistent with the Knox-Keene Health Care Service Plan Act of
39 1975 (Chapter 2.2 (commencing with Section 1340) of Division

1 2 of the Health and Safety Code) do not constitute providing health
2 care services to enrollees.

3 (2) The registered dispensing optician or optical company shall
4 not interfere with the professional judgment of the optometrist.

5 (3) The Department of Managed Health Care shall forward to
6 the State Board of Optometry any complaints received from
7 consumers that allege that an optometrist violated the Optometry
8 Practice Act (Chapter 7 (commencing with Section 3000)). The
9 Department of Managed Health Care and the State Board of
10 Optometry shall enter into an Inter-Agency Agreement regarding
11 the sharing of information related to the services provided by an
12 optometrist that may be in violation of the Optometry Practice Act
13 that the Department of Managed Health Care encounters in the
14 course of the administration of the Knox-Keene Health Care
15 Service Plan Act of 1975 (Chapter 2.2 (commencing with Section
16 1340) of Division 2 of the Health and Safety Code).

17 (d) An optometrist, a registered dispensing optician, an optical
18 company, or a health plan may execute a lease or other written
19 agreement giving rise to a direct or indirect landlord-tenant
20 relationship with an optometrist, if all of the following conditions
21 are contained in a written agreement establishing the
22 landlord-tenant relationship:

23 (1) (A) The practice shall be owned by the optometrist and in
24 every phase be under the optometrist's exclusive control, including
25 the selection and supervision of optometric staff, the scheduling
26 of patients, the amount of time the optometrist spends with patients,
27 fees charged for optometric products and services, the examination
28 procedures and treatment provided to patients and the optometrist's
29 contracting with managed care organizations.

30 (B) Subparagraph (A) shall not preclude a lease from including
31 commercially reasonable terms that: (i) require the provision of
32 optometric services at the leased space during certain days and
33 hours, (ii) restrict the leased space from being used for the sale or
34 offer for sale of spectacles, frames, lenses, contact lenses, or other
35 ophthalmic products, except that the optometrist shall be permitted
36 to sell therapeutic ophthalmic products if the registered dispensing
37 optician, health plan, or optical company located on or adjacent
38 to the optometrist's leased space does not offer any substantially
39 similar therapeutic ophthalmic products for sale, (iii) require the
40 optometrist to contract with a health plan network, health plan, or

1 health insurer, or (iv) permit the landlord to directly or indirectly
2 provide furnishings and equipment in the leased space.

3 (2) The optometrist's records shall be the sole property of the
4 optometrist. Only the optometrist and those persons with written
5 authorization from the optometrist shall have access to the patient
6 records and the examination room, except as otherwise provided
7 by law.

8 (3) The optometrist's leased space shall be definite and distinct
9 from space occupied by other occupants of the premises, have a
10 sign designating that the leased space is occupied by an
11 independent optometrist or optometrists and be accessible to the
12 optometrist after hours or in the case of an emergency, subject to
13 the facility's general accessibility. This paragraph shall not require
14 a separate entrance to the optometrist's leased space.

15 (4) All signs and displays shall be separate and distinct from
16 that of the other occupants and shall have the optometrist's name
17 and the word "optometrist" prominently displayed in connection
18 therewith. This paragraph shall not prohibit the optometrist from
19 advertising the optometrist's practice location with reference to
20 other occupants or prohibit the optometrist or registered dispensing
21 optician from advertising their participation in any health plan's
22 network or the health plan's products in which the optometrist or
23 registered dispensing optician participates.

24 (5) There shall be no signs displayed on any part of the premises
25 or in any advertising indicating that the optometrist is employed
26 or controlled by the registered dispensing optician, health plan or
27 optical company.

28 (6) Except for a statement that an independent doctor of
29 optometry is located in the leased space, in-store pricing signs and
30 as otherwise permitted by this subdivision, the registered
31 dispensing optician or optical company shall not link its advertising
32 with the optometrist's name, practice, or fees.

33 (7) Notwithstanding paragraphs (4) and (6), this subdivision
34 shall not preclude a health plan from advertising its health plan
35 products and associated premium costs and any copayments,
36 coinsurance, deductibles, or other forms of cost sharing, or the
37 names and locations of the health plan's providers, including any
38 optometrists or registered dispensing opticians that provide
39 professional services, in compliance with the Knox-Keene Health

1 Care Service Plan Act of 1975 (Chapter 2.2 (commencing with
2 Section 1340) of Division 2 of the Health and Safety Code).

3 (8) A health plan that advertises its products and services in
4 accordance with paragraph (7) shall not advertise the optometrist's
5 fees for products and services that are not included in the health
6 plan's contract with the optometrist.

7 (9) The optometrist shall not be precluded from collecting fees
8 for services that are not included in a health plan's products and
9 services, subject to any patient disclosure requirements contained
10 in the health plan's provider agreement with the optometrist or
11 that are not otherwise prohibited by the Knox-Keene Health Care
12 Service Plan Act of 1975 (Chapter 2.2 (commencing with Section
13 1340) of Division 2 of the Health and Safety Code).

14 (10) The term of the lease shall be no less than one year and
15 shall not require the optometrist to contract exclusively with a
16 health plan. The optometrist may terminate the lease according to
17 the terms of the lease. The landlord may terminate the lease for
18 the following reasons:

19 (A) The optometrist's failure to maintain a license to practice
20 optometry or the imposition of restrictions, suspension or
21 revocation of the optometrist's license or if the optometrist or the
22 optometrist's employee is or becomes ineligible to participate in
23 state or federal government-funded programs.

24 (B) Termination of any underlying lease where the optometrist
25 has subleased space, or the optometrist's failure to comply with
26 the underlying lease provisions that are made applicable to the
27 optometrist.

28 (C) If the health plan is the landlord, the termination of the
29 provider agreement between the health plan and the optometrist,
30 in accordance with the Knox-Keene Health Care Service Plan Act
31 of 1975 (Chapter 2.2 (commencing with Section 1340) of Division
32 2 of the Health and Safety Code).

33 (D) Other reasons pursuant to the terms of the lease or permitted
34 under the Civil Code.

35 (11) The landlord shall act in good faith in terminating the lease
36 and in no case shall the landlord terminate the lease for reasons
37 that constitute interference with the practice of optometry.

38 (12) Lease or rent terms and payments shall not be based on
39 number of eye exams performed, prescriptions written, patient

1 referrals or the sale or promotion of the products of a registered
2 dispensing optician or an optical company.

3 (13) The landlord shall not terminate the lease solely because
4 of a report, complaint, or allegation filed by the optometrist against
5 the landlord, a registered dispensing optician or a health plan, to
6 the State Board of Optometry or the Department of Managed
7 Health Care or any law enforcement or regulatory agency.

8 (14) The landlord shall provide the optometrist with written
9 notice of the scheduled expiration date of a lease at least 60 days
10 prior to the scheduled expiration date. This notice obligation shall
11 not affect the ability of either party to terminate the lease pursuant
12 to this section. The landlord may not interfere with an outgoing
13 optometrist's efforts to inform the optometrist's patients, in
14 accordance with customary practice and professional obligations,
15 of the relocation of the optometrist's practice.

16 (15) The State Board of Optometry may inspect, upon request,
17 an individual lease agreement pursuant to its investigational
18 authority, and if such a request is made, the landlord or tenant, as
19 applicable, shall promptly comply with the request. Failure or
20 refusal to comply with the request for lease agreements within 30
21 days of receiving the request constitutes unprofessional conduct
22 and is grounds for disciplinary action by the appropriate regulatory
23 agency. This section shall not affect the Department of Managed
24 Health Care's authority to inspect all books and records of a health
25 plan pursuant to Section 1381 of the Health and Safety Code.

26 Any financial information contained in the lease submitted to a
27 regulatory entity, pursuant to this paragraph, shall be considered
28 confidential trade secret information that is exempt from disclosure
29 under the California Public Records Act (Chapter 3.5 (commencing
30 with Section 6250) of Division 7 of Title 1 of the Government
31 Code).

32 (16) This subdivision shall not be applicable to the relationship
33 between any optometrist employee and the employer medical
34 group, or the relationship between a medical group exclusively
35 contracted with a health plan regulated by the Department of
36 Managed Health Care and that health plan.

37 (e) No registered dispensing optician may have any membership,
38 proprietary interest, coownership, or profit-sharing arrangement
39 either by stock ownership, interlocking directors, trusteeship,

1 mortgage, or trust deed, with an optometrist, except as permitted
2 under this section.

3 (f) Nothing in this section shall prohibit a person licensed under
4 Chapter 5 (commencing with Section 2000) or its professional
5 corporation from contracting with or employing optometrists,
6 ophthalmologists, or optometric assistants and entering into a
7 contract or landlord tenant relationship with a health plan, an
8 optical company, or a registered dispensing optician, in accordance
9 with Sections 650 and 654 of this code.

10 (g) Any violation of this section constitutes a misdemeanor as
11 to such person licensed under Chapter 7 (commencing with Section
12 3000) of this division and as to any and all persons, whether or
13 not so licensed under this division, who participate with such
14 licensed person in a violation of any provision of this section.

15 (h) (1) Notwithstanding any other law and in addition to any
16 action available to the State Board of Optometry, the State Board
17 of Optometry may issue a citation containing an order of
18 abatement, an order to pay an administrative fine, or both, to an
19 optical company, an optometrist, or a registered dispensing optician
20 for a violation of this section. The administrative fine shall not
21 exceed fifty thousand dollars (\$50,000) per investigation. In
22 assessing the amount of the fine, the board shall give due
23 consideration to all of the following:

24 (A) The gravity of the violation.

25 (B) The good faith of the cited person or entity.

26 (C) The history of previous violations of the same or similar
27 nature.

28 (D) Evidence that the violation was or was not willful.

29 (E) The extent to which the cited person or entity has cooperated
30 with the board's investigation.

31 (F) The extent to which the cited person or entity has mitigated
32 or attempted to mitigate any damage or injury caused by the
33 violation.

34 (G) Any other factors as justice may require.

35 (2) A citation or fine assessment issued pursuant to a citation
36 shall inform the cited person or entity that if a hearing is desired
37 to contest the finding of a violation, that hearing shall be requested
38 by written notice to the board within 30 days of the date of issuance
39 of the citation or assessment. If a hearing is not requested pursuant
40 to this section, payment of any fine shall not constitute an

1 admission of the violation charged. Hearings shall be held pursuant
2 to Chapter 5 (commencing with Section 11500) of Part 1 of
3 Division 3 of Title 2 of the Government Code.

4 (3) The board shall adopt regulations to implement a system for
5 the issuance of citations, administrative fines, and orders of
6 abatement authorized by this section. The regulations shall include
7 provisions for both of the following:

8 (A) The issuance of a citation without an administrative fine.

9 (B) The opportunity for a cited person or entity to have an
10 informal conference with the executive officer of the board in
11 addition to the hearing described in paragraph (2).

12 (4) The failure of a licensee to pay a fine within 30 days of the
13 date of assessment, unless the citation is being appealed, may result
14 in disciplinary action being taken by the board. Where a citation
15 is not contested and a fine is not paid, the full amount of the
16 assessed fine shall be added to the fee for renewal of the license.
17 A license shall not be renewed without payment of the renewal
18 fee and fine.

19 (5) Notwithstanding any other law, if a fine is paid to satisfy an
20 assessment based on the finding of a violation, payment of the fine
21 shall be represented as satisfactory resolution of the matter for
22 purposes of public disclosure.

23 (i) Administrative fines collected pursuant to this section shall
24 be deposited in the Dispensing Opticians Fund. It is the intent of
25 the Legislature that moneys collected as fines and deposited in the
26 fund be used by the board primarily for enforcement purposes.

27 SEC. 3. Section 1944 of the Business and Professions Code is
28 amended to read:

29 1944. (a) The committee shall establish by resolution the
30 amount of the fees that relate to the licensing of a registered dental
31 hygienist, a registered dental hygienist in alternative practice, and
32 a registered dental hygienist in extended functions. The fees
33 established by board resolution in effect on June 30, 2009, as they
34 relate to the licensure of registered dental hygienists, registered
35 dental hygienists in alternative practice, and registered dental
36 hygienists in extended functions, shall remain in effect until
37 modified by the committee. The fees are subject to the following
38 limitations:

1 (1) The application fee for an original license and the fee for
2 issuance of an original license shall not exceed two hundred fifty
3 dollars (\$250).

4 (2) The fee for examination for licensure as a registered dental
5 hygienist shall not exceed the actual cost of the examination.

6 (3) The fee for examination for licensure as a registered dental
7 hygienist in extended functions shall not exceed the actual cost of
8 the examination.

9 (4) The fee for examination for licensure as a registered dental
10 hygienist in alternative practice shall not exceed the actual cost of
11 administering the examination.

12 (5) The biennial renewal fee shall not exceed five hundred
13 dollars (\$500).

14 (6) The delinquency fee shall not exceed one-half of the renewal
15 fee. Any delinquent license may be restored only upon payment
16 of all fees, including the delinquency fee, and compliance with all
17 other applicable requirements of this article.

18 (7) The fee for issuance of a duplicate license to replace one
19 that is lost or destroyed, or in the event of a name change, shall
20 not exceed twenty-five dollars (\$25) or one-half of the renewal
21 fee, whichever is greater.

22 (8) The fee for certification of licensure shall not exceed one-half
23 of the renewal fee.

24 (9) The fee for each curriculum review, feasibility study review,
25 and site evaluation for educational programs for dental hygienists
26 who are not accredited by a committee-approved agency shall not
27 exceed two thousand one hundred dollars (\$2,100).

28 (10) The fee for each review or approval of course requirements
29 for licensure or procedures that require additional training shall
30 not exceed seven hundred fifty dollars (\$750).

31 (11) The initial application and biennial fee for a provider of
32 continuing education shall not exceed five hundred dollars (\$500).

33 (12) The amount of fees payable in connection with permits
34 issued under Section 1962 is as follows:

35 (A) The initial permit fee is an amount equal to the renewal fee
36 for the applicant's license to practice dental hygiene in effect on
37 the last regular renewal date before the date on which the permit
38 is issued.

39 (B) If the permit will expire less than one year after its issuance,
40 then the initial permit fee is an amount equal to 50 percent of the

1 renewal fee in effect on the last regular renewal date before the
2 date on which the permit is issued.

3 (b) The renewal and delinquency fees shall be fixed by the
4 committee by resolution at not more than the current amount of
5 the renewal fee for a license to practice under this article nor less
6 than five dollars (\$5).

7 (c) Fees fixed by the committee by resolution pursuant to this
8 section shall not be subject to the approval of the Office of
9 Administrative Law.

10 (d) Fees collected pursuant to this section shall be collected by
11 the committee and deposited into the State Dental Hygiene Fund,
12 which is hereby created. All money in this fund shall, upon
13 appropriation by the Legislature in the annual Budget Act, be used
14 to implement this article.

15 (e) No fees or charges other than those listed in this section shall
16 be levied by the committee in connection with the licensure of
17 registered dental hygienists, registered dental hygienists in
18 alternative practice, or registered dental hygienists in extended
19 functions.

20 (f) The fee for registration of an extramural dental facility shall
21 not exceed two hundred fifty dollars (\$250).

22 (g) The fee for registration of a mobile dental hygiene unit shall
23 not exceed one hundred fifty dollars (\$150).

24 (h) The biennial renewal fee for a mobile dental hygiene unit
25 shall not exceed two hundred fifty dollars (\$250).

26 (i) The fee for an additional office permit shall not exceed two
27 hundred fifty dollars (\$250).

28 (j) The biennial renewal fee for an additional office as described
29 in Section 1926.4 shall not exceed two hundred fifty dollars (\$250).

30 (k) The initial application and biennial special permit fee is an
31 amount equal to the biennial renewal fee specified in paragraph
32 (6) of subdivision (a).

33 (l) The fees in this section shall not exceed an amount sufficient
34 to cover the reasonable regulatory cost of carrying out this article.

35 SEC. 4. Section 2546.9 of the Business and Professions Code
36 is repealed.

37 SEC. 5. Section 2546.9 is added to the Business and Professions
38 Code, to read:

1 2546.9. The amount of fees prescribed in connection with the
2 registration of nonresident contact lens sellers is that established
3 by the following schedule:

4 (a) The application fee for a nonresident contact lens seller shall
5 be a minimum of one hundred fifty dollars (\$150) and shall not
6 exceed two hundred dollars (\$200).

7 (b) The initial registration fee shall be a minimum of two
8 hundred dollars (\$200) and shall not exceed three hundred dollars
9 (\$300).

10 (c) The renewal fee shall be a minimum of two hundred dollars
11 (\$200) and shall not exceed three hundred dollars (\$300).

12 (d) The delinquency fee shall be a minimum of fifty dollars
13 (\$50) and shall not exceed seventy-five dollars (\$75).

14 (e) The fee for replacement of a lost, stolen, or destroyed
15 registration shall be twenty-five dollars (\$25).

16 (f) The State Board of Optometry may periodically revise and
17 fix by regulation the fees specified in subdivisions (a), (b), (c), and
18 (d), and these revised fees shall not exceed the reasonable
19 regulatory cost.

20 (g) The fees collected pursuant to this chapter shall be deposited
21 in the Dispensing Opticians Fund, and shall be available, upon
22 appropriation, to the State Board of Optometry for the purposes
23 of this chapter.

24 SEC. 6. Section 2565 of the Business and Professions Code is
25 repealed.

26 SEC. 7. Section 2565 is added to the Business and Professions
27 Code, to read:

28 2565. The amount of fees prescribed in connection with the
29 registration of dispensing opticians shall be as set forth in this
30 section.

31 (a) The application fee for registration shall be a minimum of
32 one hundred fifty dollars (\$150) and shall not exceed two hundred
33 dollars (\$200).

34 (b) The initial registration fee shall be a minimum of two
35 hundred dollars (\$200) and shall not exceed three hundred dollars
36 (\$300).

37 (c) The renewal fee shall be a minimum of two hundred dollars
38 (\$200) and shall not exceed three hundred dollars (\$300).

39 (d) The delinquency fee shall be a minimum of fifty dollars
40 (\$50) and shall not exceed seventy-five dollars (\$75).

1 (e) The fee for replacement of a lost, stolen, or destroyed
2 certificate shall be twenty-five dollars (\$25).

3 (f) The State Board of Optometry may periodically revise and
4 fix by regulation the fees specified in subdivisions (a), (b), (c), and
5 (d), and these revised fees shall not exceed the reasonable
6 regulatory cost.

7 SEC. 8. Section 2566 of the Business and Professions Code is
8 repealed.

9 SEC. 9. Section 2566 is added to the Business and Professions
10 Code, to read:

11 2566. The amount of fees prescribed in connection with
12 certificates for contact lens dispensers is as follows:

13 (a) The application fee for a registered contact lens dispenser
14 shall be a minimum of one hundred fifty dollars (\$150) and shall
15 not exceed two hundred dollars (\$200).

16 (b) The initial registration fee shall be a minimum of two
17 hundred dollars (\$200) and shall not exceed three hundred dollars
18 (\$300).

19 (c) The biennial fee for the renewal of certificates shall be a
20 minimum of two hundred dollars (\$200) and shall not exceed three
21 hundred dollars (\$300).

22 (d) The delinquency fee shall be a minimum of fifty dollars
23 (\$50) and shall not exceed seventy-five dollars (\$75).

24 (e) The division may by regulation provide for a refund of a
25 portion of the application fee to applicants who do not meet the
26 requirements for registration.

27 (f) The State Board of Optometry may periodically revise and
28 fix by regulation the fees specified in subdivisions (a), (b), (c), and
29 (d), and these revised fees shall not exceed the reasonable
30 regulatory cost.

31 (g) The fee for replacement of a lost, stolen, or destroyed
32 certificate is twenty-five dollars (\$25).

33 SEC. 10. Section 2566.1 of the Business and Professions Code
34 is repealed.

35 SEC. 11. Section 2566.1 is added to the Business and
36 Professions Code, to read:

37 2566.1. The amount of fees prescribed in connection with
38 certificates for spectacle lens dispensers shall be as set forth in this
39 section:

1 (a) The application for registration fee shall be a minimum of
2 one hundred fifty dollars (\$150) and shall not exceed two hundred
3 dollars (\$200).

4 (b) The initial registration fee shall be a minimum of two
5 hundred dollars (\$200) and shall not exceed three hundred dollars
6 (\$300).

7 (c) The renewal fee shall be a minimum of two hundred dollars
8 (\$200) and shall not exceed three hundred dollars (\$300).

9 (d) The delinquency fee shall be a minimum of fifty dollars
10 (\$50) and shall not exceed seventy-five dollars (\$75).

11 (e) The fee for replacement of a lost, stolen, or destroyed
12 certificate is twenty-five dollars (\$25).

13 (f) The State Board of Optometry may periodically revise and
14 fix by regulation the fees specified in subdivisions (a), (b), (c), and
15 (d), and these revised fees shall not exceed the reasonable
16 regulatory cost.

17 SEC. 12. Section 2733 of the Business and Professions Code
18 is amended to read:

19 2733. (a) (1) (A) Upon approval of an application filed
20 pursuant to subdivision (b) of Section 2732.1, and upon the
21 payment of the fee prescribed by subdivision (k) of Section 2815,
22 the board may issue a temporary license to practice professional
23 nursing, and a temporary certificate to practice as a certified public
24 health nurse for a period of six months from the date of issuance.

25 (B) Upon approval of an application filed pursuant to
26 subdivision (b) of Section 2732.1, and upon the payment of the
27 fee prescribed by subdivision (d) of Section 2838.2, the board may
28 issue a temporary certificate to practice as a certified clinical nurse
29 specialist for a period of six months from the date of issuance.

30 (C) Upon approval of an application filed pursuant to
31 subdivision (b) of Section 2732.1, and upon the payment of the
32 fee prescribed by subdivision (e) of Section 2815.5, the board may
33 issue a temporary certificate to practice as a certified nurse-midwife
34 for a period of six months from the date of issuance.

35 (D) Upon approval of an application filed pursuant to
36 subdivision (b) of Section 2732.1, and upon the payment of the
37 fee prescribed by subdivision (d) of Section 2830.7, the board may
38 issue a temporary certificate to practice as a certified nurse
39 anesthetist for a period of six months from the date of issuance.

(E) Upon approval of an application filed pursuant to subdivision (b) of Section 2732.1, and upon the payment of the fee prescribed by subdivision (p) of Section 2815, the board may issue a temporary certificate to practice as a certified nurse practitioner for a period of six months from the date of issuance.

(2) A temporary license or temporary certificate shall terminate upon notice thereof by certified mail, return receipt requested, if it is issued by mistake or if the application for permanent licensure is denied.

(b) Upon written application, the board may reissue a temporary license or temporary certificate to any person who has applied for a regular renewable license pursuant to subdivision (b) of Section 2732.1 and who, in the judgment of the board has been excusably delayed in completing his or her application for or the minimum requirements for a regular renewable license, but the board may not reissue a temporary license or temporary certificate more than twice to any one person.

~~SEC. 13. Section 2746.51 of the Business and Professions Code is amended to read:~~

~~2746.51. (a) Neither this chapter nor any other provision of law shall be construed to prohibit a certified nurse-midwife from furnishing or ordering drugs or devices, including controlled substances classified in Schedule II, III, IV, or V under the California Uniform Controlled Substances Act (Division 10 (commencing with Section 11000) of the Health and Safety Code), when all of the following apply:~~

~~(1) The drugs or devices are furnished or ordered incidentally to the provision of any of the following:~~

~~(A) Family planning services, as defined in Section 14503 of the Welfare and Institutions Code.~~

~~(B) Routine health care or perinatal care, as defined in subdivision (d) of Section 123485 of the Health and Safety Code.~~

~~(C) Care rendered, consistent with the certified nurse-midwife's educational preparation or for which clinical competency has been established and maintained, to persons within a facility specified in subdivision (a), (b), (c), (d), (i), or (j) of Section 1206 of the Health and Safety Code, a clinic as specified in Section 1204 of the Health and Safety Code, a general acute care hospital as defined in subdivision (a) of Section 1250 of the Health and Safety Code, a licensed birth center as defined in Section 1204.3 of the Health~~

1 and Safety Code, or a special hospital specified as a maternity
2 hospital in subdivision (f) of Section 1250 of the Health and Safety
3 Code.

4 (2) The drugs or devices are furnished or ordered by a certified
5 nurse-midwife in accordance with standardized procedures or
6 protocols. For purposes of this section, standardized procedure
7 means a document, including protocols, developed and approved
8 by the supervising physician and surgeon, the certified
9 nurse-midwife, and the facility administrator or his or her designee.
10 The standardized procedure covering the furnishing or ordering
11 of drugs or devices shall specify all of the following:

12 (A) Which certified nurse-midwife may furnish or order drugs
13 or devices.

14 (B) Which drugs or devices may be furnished or ordered and
15 under what circumstances.

16 (C) The extent of physician and surgeon supervision.

17 (D) The method of periodic review of the certified
18 nurse-midwife's competence, including peer review, and review
19 of the provisions of the standardized procedure.

20 (3) If Schedule II or III controlled substances, as defined in
21 Sections 11055 and 11056 of the Health and Safety Code, are
22 furnished or ordered by a certified nurse-midwife, the controlled
23 substances shall be furnished or ordered in accordance with a
24 patient-specific protocol approved by the treating or supervising
25 physician and surgeon. For Schedule II controlled substance
26 protocols, the provision for furnishing the Schedule II controlled
27 substance shall address the diagnosis of the illness, injury, or
28 condition for which the Schedule II controlled substance is to be
29 furnished.

30 (4) The furnishing or ordering of drugs or devices by a certified
31 nurse-midwife occurs under physician and surgeon supervision.
32 For purposes of this section, no physician and surgeon shall
33 supervise more than four certified nurse-midwives at one time.
34 Physician and surgeon supervision shall not be construed to require
35 the physical presence of the physician, but does include all of the
36 following:

37 (A) Collaboration on the development of the standardized
38 procedure or protocol.

39 (B) Approval of the standardized procedure or protocol.

1 ~~(C) Availability by telephonic contact at the time of patient~~
2 ~~examination by the certified nurse-midwife.~~

3 ~~(b) (1) The furnishing or ordering of drugs or devices by a~~
4 ~~certified nurse-midwife is conditional on the issuance by the board~~
5 ~~of a number to the applicant who has successfully completed the~~
6 ~~requirements of paragraph (2). The number shall be included on~~
7 ~~all transmittals of orders for drugs or devices by the certified~~
8 ~~nurse-midwife. The board shall maintain a list of the certified~~
9 ~~nurse-midwives that it has certified pursuant to this paragraph and~~
10 ~~the number it has issued to each one. The board shall make the list~~
11 ~~available to the California State Board of Pharmacy upon its~~
12 ~~request. Every certified nurse-midwife who is authorized pursuant~~
13 ~~to this section to furnish or issue a drug order for a controlled~~
14 ~~substance shall register with the United States Drug Enforcement~~
15 ~~Administration.~~

16 ~~(2) The board has certified in accordance with paragraph (1)~~
17 ~~that the certified nurse-midwife has satisfactorily completed a~~
18 ~~course in pharmacology covering the drugs or devices to be~~
19 ~~furnished or ordered under this section. The board shall establish~~
20 ~~the requirements for satisfactory completion of this paragraph.~~

21 ~~(3) A physician and surgeon may determine the extent of~~
22 ~~supervision necessary pursuant to this section in the furnishing or~~
23 ~~ordering of drugs and devices.~~

24 ~~(4) A copy of the standardized procedure or protocol relating~~
25 ~~to the furnishing or ordering of controlled substances by a certified~~
26 ~~nurse-midwife shall be provided upon request to any licensed~~
27 ~~pharmacist who is uncertain of the authority of the certified~~
28 ~~nurse-midwife to perform these functions.~~

29 ~~(5) Certified nurse-midwives who are certified by the board and~~
30 ~~hold an active furnishing number, who are currently authorized~~
31 ~~through standardized procedures or protocols to furnish Schedule~~
32 ~~II controlled substances, and who are registered with the United~~
33 ~~States Drug Enforcement Administration shall provide~~
34 ~~documentation of continuing education specific to the use of~~
35 ~~Schedule II controlled substances in settings other than a hospital~~
36 ~~based on standards developed by the board.~~

37 ~~(e) Drugs or devices furnished or ordered by a certified~~
38 ~~nurse-midwife may include Schedule II controlled substances~~
39 ~~under the California Uniform Controlled Substances Act (Division~~

1 ~~10 (commencing with Section 11000) of the Health and Safety~~
2 ~~Code) under the following conditions:~~

3 ~~(1) The drugs and devices are furnished or ordered in accordance~~
4 ~~with requirements referenced in paragraphs (2) to (4), inclusive,~~
5 ~~of subdivision (a) and in paragraphs (1) to (3), inclusive, of~~
6 ~~subdivision (b).~~

7 ~~(2) When Schedule II controlled substances, as defined in~~
8 ~~Section 11055 of the Health and Safety Code, are furnished or~~
9 ~~ordered by a certified nurse-midwife, the controlled substances~~
10 ~~shall be furnished or ordered in accordance with a patient-specific~~
11 ~~protocol approved by the treating or supervising physician and~~
12 ~~surgeon.~~

13 ~~(d) Furnishing of drugs or devices by a certified nurse-midwife~~
14 ~~means the act of making a pharmaceutical agent or agents available~~
15 ~~to the patient in strict accordance with a standardized procedure~~
16 ~~or protocol. Use of the term “furnishing” in this section shall~~
17 ~~include the following:~~

18 ~~(1) The ordering of a drug or device in accordance with the~~
19 ~~standardized procedure or protocol.~~

20 ~~(2) Transmitting an order of a supervising physician and~~
21 ~~surgeon.~~

22 ~~(e) “Drug order” or “order” for purposes of this section means~~
23 ~~an order for medication or for a drug or device that is dispensed~~
24 ~~to or for an ultimate user, issued by a certified nurse-midwife as~~
25 ~~an individual practitioner, within the meaning of Section 1306.03~~
26 ~~of Title 21 of the Code of Federal Regulations. Notwithstanding~~
27 ~~any other provision of law, (1) a drug order issued pursuant to this~~
28 ~~section shall be treated in the same manner as a prescription of the~~
29 ~~supervising physician; (2) all references to “prescription” in this~~
30 ~~code and the Health and Safety Code shall include drug orders~~
31 ~~issued by certified nurse-midwives; and (3) the signature of a~~
32 ~~certified nurse-midwife on a drug order issued in accordance with~~
33 ~~this section shall be deemed to be the signature of a prescriber for~~
34 ~~purposes of this code and the Health and Safety Code.~~

35 ~~SEC. 14.~~

36 *SEC. 13.* Section 2746.53 is added to the Business and
37 Professions Code, to read:

38 2746.53. The board may charge the applicant a fee to cover all
39 necessary costs to implement Section 2746.51, that shall be not
40 less than four hundred dollars (\$400) nor more than one thousand

1 five hundred dollars (\$1,500) for an initial application, nor less
2 than one hundred fifty dollars (\$150) nor more than one thousand
3 dollars (\$1,000) for an application for renewal. The board may
4 charge a penalty fee for failure to renew a furnishing number within
5 the prescribed time that shall be not less than seventy-five dollars
6 (\$75) nor more than five hundred dollars (\$500).

7 ~~SEC. 15.~~

8 *SEC. 14.* Section 2786.5 of the Business and Professions Code
9 is amended to read:

10 2786.5. (a) An institution of higher education or a private
11 postsecondary school of nursing approved by the board pursuant
12 to subdivision (b) of Section 2786 shall remit to the board for
13 deposit in the Board of Registered Nursing Fund the following
14 fees, in accordance with the following schedule:

15 (1) The fee for approval of a school of nursing shall be fixed
16 by the board at not less than forty thousand dollars (\$40,000) nor
17 more than eighty thousand dollars (\$80,000).

18 (2) The fee for continuing approval of a nursing program
19 established after January 1, 2013, shall be fixed by the board at
20 not less than fifteen thousand dollars (\$15,000) nor more than
21 thirty thousand dollars (\$30,000).

22 (3) The processing fee for authorization of a substantive change
23 to an approval of a school of nursing shall be fixed by the board
24 at not less than two thousand five hundred dollars (\$2,500) nor
25 more than five thousand dollars (\$5,000).

26 (b) If the board determines that the annual cost of providing
27 oversight and review of a school of nursing, as required by this
28 article, is less than the amount of any fees required to be paid by
29 that institution pursuant to this article, the board may decrease the
30 fees applicable to that institution to an amount that is proportional
31 to the board's costs associated with that institution.

32 ~~SEC. 16.~~

33 *SEC. 15.* Section 2811 of the Business and Professions Code
34 is amended to read:

35 2811. (a) Each person holding a regular renewable license
36 under this chapter, whether in an active or inactive status, shall
37 apply for a renewal of his or her license and pay the biennial
38 renewal fee required by this chapter each two years on or before
39 the last day of the month following the month in which his or her
40 birthday occurs, beginning with the second birthday following the

1 date on which the license was issued, whereupon the board shall
2 renew the license.

3 (b) Each such license not renewed in accordance with this
4 section shall expire but may within a period of eight years
5 thereafter be reinstated upon payment of the fee required by this
6 chapter and upon submission of such proof of the applicant's
7 qualifications as may be required by the board, except that during
8 such eight-year period no examination shall be required as a
9 condition for the reinstatement of any such expired license which
10 has lapsed solely by reason of nonpayment of the renewal fee.
11 After the expiration of such eight-year period the board may require
12 as a condition of reinstatement that the applicant pass such
13 examination as it deems necessary to determine his present fitness
14 to resume the practice of professional nursing.

15 (c) A license in an inactive status may be restored to an active
16 status if the licensee meets the continuing education standards of
17 Section 2811.5.

18 ~~SEC. 17.~~

19 *SEC. 16.* Section 2811.5 of the Business and Professions Code
20 is amended to read:

21 2811.5. (a) Each person renewing his or her license under
22 Section 2811 shall submit proof satisfactory to the board that,
23 during the preceding two-year period, he or she has been informed
24 of the developments in the registered nurse field or in any special
25 area of practice engaged in by the licensee, occurring since the
26 last renewal thereof, either by pursuing a course or courses of
27 continuing education in the registered nurse field or relevant to
28 the practice of the licensee, and approved by the board, or by other
29 means deemed equivalent by the board.

30 (b) For purposes of this section, the board shall, by regulation,
31 establish standards for continuing education. The standards shall
32 be established in a manner to ensure that a variety of alternative
33 forms of continuing education are available to licensees, including,
34 but not limited to, academic studies, in-service education, institutes,
35 seminars, lectures, conferences, workshops, extension studies, and
36 home study programs. The standards shall take cognizance of
37 specialized areas of practice, and content shall be relevant to the
38 practice of nursing and shall be related to the scientific knowledge
39 or technical skills required for the practice of nursing or be related
40 to direct or indirect patient or client care. The continuing education

standards established by the board shall not exceed 30 hours of direct participation in a course or courses approved by the board, or its equivalent in the units of measure adopted by the board.

(c) The board shall audit continuing education providers at least once every five years to ensure adherence to regulatory requirements, and shall withhold or rescind approval from any provider that is in violation of the regulatory requirements.

(d) The board shall encourage continuing education in spousal or partner abuse detection and treatment. In the event the board establishes a requirement for continuing education coursework in spousal or partner abuse detection or treatment, that requirement shall be met by each licensee within no more than four years from the date the requirement is imposed.

(e) In establishing standards for continuing education, the board shall consider including a course in the special care needs of individuals and their families facing end-of-life issues, including, but not limited to, all of the following:

- (1) Pain and symptom management.
- (2) The psycho-social dynamics of death.
- (3) Dying and bereavement.
- (4) Hospice care.

(f) In establishing standards for continuing education, the board may include a course on pain management.

(g) This section shall not apply to licensees during the first two years immediately following their initial licensure in California or any other governmental jurisdiction.

(h) The board may, in accordance with the intent of this section, make exceptions from continuing education requirements for licensees residing in another state or country, or for reasons of health, military service, or other good cause.

~~SEC. 18.~~

SEC. 17. Section 2815 of the Business and Professions Code is amended to read:

2815. Subject to the provisions of Section 128.5, the amount of the fees prescribed by this chapter in connection with the issuance of licenses for registered nurses under its provisions is that fixed by the following schedule:

(a) (1) The fee to be paid upon the filing by a graduate of an approved school of nursing in this state of an application for a licensure by examination shall be fixed by the board at not less

1 than three hundred dollars (\$300) nor more than one thousand
2 dollars (\$1,000).

3 (2) The fee to be paid upon the filing by a graduate of a school
4 of nursing in another state, district, or territory of the United States
5 of an application for a licensure by examination shall be fixed by
6 the board at not less than three hundred fifty dollars (\$350) nor
7 more than one thousand dollars (\$1,000).

8 (3) The fee to be paid upon the filing by a graduate of a school
9 of nursing in another country of an application for a licensure by
10 examination shall be fixed by the board at not less than seven
11 hundred fifty dollars (\$750) nor more than one thousand five
12 hundred dollars (\$1,500).

13 (4) The fee to be paid upon the filing of an application for
14 licensure by a repeat examination shall be fixed by the board at
15 not less than two hundred fifty dollars (\$250) and not more than
16 one thousand dollars (\$1,000).

17 (b) The fee to be paid for taking each examination shall be the
18 actual cost to purchase an examination from a vendor approved
19 by the board.

20 (c) (1) The fee to be paid for application by a person who is
21 licensed or registered as a nurse in another state, district, or territory
22 of the United States for licensure by endorsement shall be fixed
23 by the board at not less than three hundred fifty dollars (\$350) nor
24 more than one thousand dollars (\$1,000).

25 (2) The fee to be paid for application by a person who is licensed
26 or registered as a nurse in another country for licensure by
27 endorsement shall be fixed by the board at not less than seven
28 hundred fifty dollars (\$750) nor more than one thousand five
29 hundred dollars (\$1,500).

30 (d) (1) The biennial fee to be paid upon the filing of an
31 application for renewal of the license shall be not less than one
32 hundred eighty dollars (\$180) nor more than seven hundred fifty
33 dollars (\$750). In addition, an assessment of ten dollars (\$10) shall
34 be collected and credited to the Registered Nurse Education Fund,
35 pursuant to Section 2815.1.

36 (2) The fee to be paid upon the filing of an application for
37 reinstatement pursuant to subdivision (b) of Section 2811 shall be
38 not less than three hundred fifty dollars (\$350) nor more than one
39 thousand dollars (\$1,000).

1 (e) The penalty fee for failure to renew a license within the
2 prescribed time shall be fixed by the board at not more than 50
3 percent of the regular renewal fee, but not less than ninety dollars
4 (\$90) nor more than three hundred seventy-five dollars (\$375).

5 (f) The fee to be paid for approval of a continuing education
6 provider shall be fixed by the board at not less than five hundred
7 dollars (\$500) nor more than one thousand dollars (\$1,000).

8 (g) The biennial fee to be paid upon the filing of an application
9 for renewal of provider approval shall be fixed by the board at not
10 less than seven hundred fifty dollars (\$750) nor more than one
11 thousand dollars (\$1,000).

12 (h) The penalty fee for failure to renew provider approval within
13 the prescribed time shall be fixed at not more than 50 percent of
14 the regular renewal fee, but not less than one hundred twenty-five
15 dollars (\$125) nor more than five hundred dollars (\$500).

16 (i) The penalty for submitting insufficient funds or fictitious
17 check, draft or order on any bank or depository for payment of
18 any fee to the board shall be fixed at not less than fifteen dollars
19 (\$15) nor more than thirty dollars (\$30).

20 (j) The fee to be paid for an interim permit shall be fixed by the
21 board at not less than one hundred dollars (\$100) nor more than
22 two hundred fifty dollars (\$250).

23 (k) The fee to be paid for a temporary license shall be fixed by
24 the board at not less than one hundred dollars (\$100) nor more
25 than two hundred fifty dollars (\$250).

26 (l) The fee to be paid for processing endorsement papers to other
27 states shall be fixed by the board at not less than one hundred
28 dollars (\$100) nor more than two hundred dollars (\$200).

29 (m) The fee to be paid for a certified copy of a school transcript
30 shall be fixed by the board at not less than fifty dollars (\$50) nor
31 more than one hundred dollars (\$100).

32 (n) (1) The fee to be paid for a duplicate pocket license shall
33 be fixed by the board at not less than fifty dollars (\$50) nor more
34 than seventy-five dollars (\$75).

35 (2) The fee to be paid for a duplicate wall certificate shall be
36 fixed by the board at not less than sixty dollars (\$60) nor more
37 than one hundred dollars (\$100).

38 (o) (1) The fee to be paid by a registered nurse for an evaluation
39 of his or her qualifications to use the title “nurse practitioner” shall

1 be fixed by the board at not less than five hundred dollars (\$500)
2 nor more than one thousand five hundred dollars (\$1,500).

3 (2) The fee to be paid by a registered nurse for a temporary
4 certificate to practice as a nurse practitioner shall be fixed by the
5 board at not less than one hundred fifty dollars (\$150) nor more
6 than five hundred dollars (\$500).

7 (3) The fee to be paid upon the filing of an application for
8 renewal of a certificate to practice as a nurse practitioner shall be
9 not less than one hundred fifty dollars (\$150) nor more than one
10 thousand dollars (\$1,000).

11 (4) The penalty fee for failure to renew a certificate to practice
12 as a nurse practitioner within the prescribed time shall be not less
13 than seventy-five dollars (\$75) nor more than five hundred dollars
14 (\$500).

15 (p) The fee to be paid by a registered nurse for listing as a
16 “psychiatric mental health nurse” shall be fixed by the board at
17 not less than three hundred fifty dollars (\$350) nor more than seven
18 hundred fifty dollars (\$750).

19 (q) The fee to be paid for duplicate National Council Licensure
20 Examination for registered nurses (NCLEX-RN) examination
21 results shall be not less than sixty dollars (\$60) nor more than one
22 hundred dollars (\$100).

23 (r) The fee to be paid for a letter certifying a license shall be
24 not less than twenty dollars (\$20) nor more than thirty dollars
25 (\$30).

26 No further fee shall be required for a license or a renewal thereof
27 other than as prescribed by this chapter.

28 ~~SEC. 19.~~

29 *SEC. 18.* Section 2815.5 of the Business and Professions Code
30 is amended to read:

31 2815.5. The amount of the fees prescribed by this chapter in
32 connection with the issuance of certificates as nurse-midwives is
33 that fixed by the following schedule:

34 (a) The fee to be paid upon the filing of an application for a
35 certificate shall be fixed by the board at not less than five hundred
36 dollars (\$500) nor more than one thousand five hundred dollars
37 (\$1,500).

38 (b) The biennial fee to be paid upon the application for a renewal
39 of a certificate shall be fixed by the board at not less than one

1 hundred fifty dollars (\$150) nor more than one thousand dollars
2 (\$1,000).

3 (c) The penalty fee for failure to renew a certificate within the
4 prescribed time shall be 50 percent of the renewal fee in effect on
5 the date of the renewal of the license, but not less than seventy-five
6 dollars (\$75) nor more than five hundred dollars (\$500).

7 (d) The fee to be paid upon the filing of an application for the
8 nurse-midwife equivalency examination shall be fixed by the board
9 at not less than one hundred dollars (\$100) nor more than two
10 hundred dollars (\$200).

11 (e) The fee to be paid for a temporary certificate shall be fixed
12 by the board at not less than one hundred fifty dollars (\$150) nor
13 more than five hundred dollars (\$500).

14 ~~SEC. 20.~~

15 *SEC. 19.* Section 2816 of the Business and Professions Code
16 is amended to read:

17 2816. The nonrefundable fee to be paid by a registered nurse
18 for an evaluation of his or her qualifications to use the title “public
19 health nurse” shall be equal to the fees set out in subdivision (o)
20 of Section 2815. The fee to be paid upon the application for
21 renewal of the certificate to practice as a public health nurse shall
22 be fixed by the board at not less than one hundred twenty-five
23 dollars (\$125) and not more than five hundred dollars (\$500). All
24 fees payable under this section shall be collected by and paid to
25 the Registered Nursing Fund. It is the intention of the Legislature
26 that the costs of carrying out the purposes of this article shall be
27 covered by the revenue collected pursuant to this section.

28 ~~SEC. 21.~~

29 *SEC. 20.* Section 2830.7 of the Business and Professions Code
30 is amended to read:

31 2830.7. The amount of the fees prescribed by this chapter in
32 connection with the issuance of certificates as nurse anesthetists
33 is that fixed by the following schedule:

34 (a) The fee to be paid upon the filing of an application for a
35 certificate shall be fixed by the board at not less than five hundred
36 dollars (\$500) nor more than one thousand five hundred dollars
37 (\$1,500).

38 (b) The biennial fee to be paid upon the application for a renewal
39 of a certificate shall be fixed by the board at not less than one

1 hundred fifty dollars (\$150) nor more than one thousand dollars
2 (\$1,000).

3 (c) The penalty fee for failure to renew a certificate within the
4 prescribed time shall be 50 percent of the renewal fee in effect on
5 the date of the renewal of the license, but not less than seventy-five
6 dollars (\$75) nor more than five hundred dollars (\$500).

7 (d) The fee to be paid for a temporary certificate shall be fixed
8 by the board at not less than one hundred fifty dollars (\$150) nor
9 more than five hundred dollars (\$500).

10 ~~SEC. 22.~~

11 *SEC. 21.* Section 2836.3 of the Business and Professions Code
12 is amended to read:

13 2836.3. (a) The furnishing of drugs or devices by nurse
14 practitioners is conditional on issuance by the board of a number
15 to the nurse applicant who has successfully completed the
16 requirements of subdivision (g) of Section 2836.1. The number
17 shall be included on all transmittals of orders for drugs or devices
18 by the nurse practitioner. The board shall make the list of numbers
19 issued available to the Board of Pharmacy. The board may charge
20 the applicant a fee to cover all necessary costs to implement this
21 section, that shall be not less than four hundred dollars (\$400) nor
22 more than one thousand five hundred dollars (\$1,500) for an initial
23 application, nor less than one hundred fifty dollars (\$150) nor more
24 than one thousand dollars (\$1,000) for an application for renewal.
25 The board may charge a penalty fee for failure to renew a
26 furnishing number within the prescribed time that shall be not less
27 than seventy-five dollars (\$75) nor more than five hundred dollars
28 (\$500).

29 (b) The number shall be renewable at the time of the applicant's
30 registered nurse license renewal.

31 (c) The board may revoke, suspend, or deny issuance of the
32 numbers for incompetence or gross negligence in the performance
33 of functions specified in Sections 2836.1 and 2836.2.

34 ~~SEC. 23.~~

35 *SEC. 22.* Section 2838.2 of the Business and Professions Code
36 is amended to read:

37 2838.2. (a) A clinical nurse specialist is a registered nurse with
38 advanced education, who participates in expert clinical practice,
39 education, research, consultation, and clinical leadership as the
40 major components of his or her role.

(b) The board may establish categories of clinical nurse specialists and the standards required to be met for nurses to hold themselves out as clinical nurse specialists in each category. The standards shall take into account the types of advanced levels of nursing practice that are or may be performed and the clinical and didactic education, experience, or both needed to practice safety at those levels. In setting the standards, the board shall consult with clinical nurse specialists, physicians and surgeons appointed by the Medical Board of California with expertise with clinical nurse specialists, and health care organizations that utilize clinical nurse specialists.

(c) A registered nurse who meets one of the following requirements may apply to become a clinical nurse specialist:

(1) Possession of a master's degree in a clinical field of nursing.

(2) Possession of a master's degree in a clinical field related to nursing with coursework in the components referred to in subdivision (a).

(3) On or before July 1, 1998, meets the following requirements:

(A) Current licensure as a registered nurse.

(B) Performs the role of a clinical nurse specialist as described in subdivision (a).

(C) Meets any other criteria established by the board.

(d) (1) A nonrefundable fee of not less than five hundred dollars (\$500), but not to exceed one thousand five hundred dollars (\$1,500) shall be paid by a registered nurse applying to be a clinical nurse specialist for the evaluation of his or her qualifications to use the title "clinical nurse specialist."

(2) The fee to be paid for a temporary certificate to practice as a clinical nurse specialist shall be not less than thirty dollars (\$30) nor more than fifty dollars (\$50).

(3) A biennial renewal fee shall be paid upon submission of an application to renew the clinical nurse specialist certificate and shall be established by the board at no less than one hundred fifty dollars (\$150) and no more than one thousand dollars (\$1,000).

(4) The penalty fee for failure to renew a certificate within the prescribed time shall be 50 percent of the renewal fee in effect on the date of the renewal of the license, but not less than seventy-five dollars (\$75) nor more than five hundred dollars (\$500).

(5) The fees authorized by this subdivision shall not exceed the amount necessary to cover the costs to the board to administer this section.

~~SEC. 24.~~

SEC. 23. Section 3030 is added to the Business and Professions Code, to read:

3030. The board may at any time inspect the premises in which optometry is being practiced or in which spectacle or contact lenses are fitted or dispensed. The board's inspection authority does not extend to premises that are not registered with the board. Nothing in this section shall be construed to affect the board's ability to investigate alleged unlicensed activity or to inspect premises for which registration has lapsed or is delinquent.

~~SEC. 25.~~

SEC. 24. Section 4128.2 of the Business and Professions Code is amended to read:

4128.2. (a) In addition to the pharmacy license requirement described in Section 4110, a centralized hospital packaging pharmacy shall obtain a specialty license from the board prior to engaging in the functions described in Section 4128.

(b) An applicant seeking a specialty license pursuant to this article shall apply to the board on forms established by the board.

(c) Before issuing the specialty license, the board shall inspect the pharmacy and ensure that the pharmacy is in compliance with this article and regulations established by the board.

(d) A license to perform the functions described in Section 4128 may only be issued to a pharmacy that is licensed by the board as a hospital pharmacy.

(e) A license issued pursuant to this article shall be renewed annually and is not transferrable.

(f) An applicant seeking renewal of a specialty license shall apply to the board on forms established by the board.

(g) A license to perform the functions described in Section 4128 shall not be renewed until the pharmacy has been inspected by the board and found to be in compliance with this article and regulations established by the board.

(h) Until July 1, 2017, the fee for issuance or annual renewal of a centralized hospital packaging pharmacy license shall be six hundred dollars (\$600) and may be increased by the board to eight hundred dollars (\$800).

~~SEC. 26.~~

SEC. 25. Section 4400 of the Business and Professions Code is amended to read:

4400. The amount of fees and penalties prescribed by this chapter, except as otherwise provided, is that fixed by the board according to the following schedule:

(a) The fee for a nongovernmental pharmacy license shall be four hundred dollars (\$400) and may be increased to five hundred twenty dollars (\$520). The fee for the issuance of a temporary nongovernmental pharmacy permit shall be two hundred fifty dollars (\$250) and may be increased to three hundred twenty-five dollars (\$325).

(b) The fee for a nongovernmental pharmacy license annual renewal shall be two hundred fifty dollars (\$250) and may be increased to three hundred twenty-five dollars (\$325).

(c) The fee for the pharmacist application and examination shall be two hundred dollars (\$200) and may be increased to two hundred sixty dollars (\$260).

(d) The fee for regrading an examination shall be ninety dollars (\$90) and may be increased to one hundred fifteen dollars (\$115). If an error in grading is found and the applicant passes the examination, the regrading fee shall be refunded.

(e) The fee for a pharmacist license and biennial renewal shall be one hundred fifty dollars (\$150) and may be increased to one hundred ninety-five dollars (\$195).

(f) The fee for a nongovernmental wholesaler or third-party logistics provider license and annual renewal shall be seven hundred eighty dollars (\$780) and may be decreased to no less than six hundred dollars (\$600). The application fee for any additional location after licensure of the first 20 locations shall be three hundred dollars (\$300) and may be decreased to no less than two hundred twenty-five dollars (\$225). A temporary license fee shall be seven hundred fifteen dollars (\$715) and may be decreased to no less than five hundred fifty dollars (\$550).

(g) The fee for a hypodermic license and renewal shall be one hundred twenty-five dollars (\$125) and may be increased to one hundred sixty-five dollars (\$165).

(h) (1) The fee for application, investigation, and issuance of a license as a designated representative pursuant to Section 4053, or as a designated representative-3PL pursuant to Section 4053.1,

1 shall be three hundred thirty dollars (\$330) and may be decreased
2 to no less than two hundred fifty-five dollars (\$255).

3 (2) The fee for the annual renewal of a license as a designated
4 representative or designated representative-3PL shall be one
5 hundred ninety-five dollars (\$195) and may be decreased to no
6 less than one hundred fifty dollars (\$150).

7 (i) (1) The fee for the application, investigation, and issuance
8 of a license as a designated representative for a veterinary
9 food-animal drug retailer pursuant to Section 4053 shall be three
10 hundred thirty dollars (\$330) and may be decreased to no less than
11 two hundred fifty-five dollars (\$255).

12 (2) The fee for the annual renewal of a license as a designated
13 representative for a veterinary food-animal drug retailer shall be
14 one hundred ninety-five dollars (\$195) and may be decreased to
15 no less than one hundred fifty dollars (\$150).

16 (j) (1) The application fee for a nonresident wholesaler or
17 third-party logistics provider license issued pursuant to Section
18 4161 shall be seven hundred eighty dollars (\$780) and may be
19 decreased to no less than six hundred dollars (\$600).

20 (2) For nonresident wholesalers or third-party logistics providers
21 that have 21 or more facilities operating nationwide the application
22 fees for the first 20 locations shall be seven hundred eighty dollars
23 (\$780) and may be decreased to no less than six hundred dollars
24 (\$600). The application fee for any additional location after
25 licensure of the first 20 locations shall be three hundred dollars
26 (\$300) and may be decreased to no less than two hundred
27 twenty-five dollars (\$225). A temporary license fee shall be seven
28 hundred fifteen dollars (\$715) and may be decreased to no less
29 than five hundred fifty dollars (\$550).

30 (3) The annual renewal fee for a nonresident wholesaler license
31 or third-party logistics provider license issued pursuant to Section
32 4161 shall be seven hundred eighty dollars (\$780) and may be
33 decreased to no less than six hundred dollars (\$600).

34 (k) The fee for evaluation of continuing education courses for
35 accreditation shall be set by the board at an amount not to exceed
36 forty dollars (\$40) per course hour.

37 (l) The fee for an intern pharmacist license shall be ninety dollars
38 (\$90) and may be increased to one hundred fifteen dollars (\$115).
39 The fee for transfer of intern hours or verification of licensure to

1 another state shall be twenty-five dollars (\$25) and may be
2 increased to thirty dollars (\$30).

3 (m) The board may waive or refund the additional fee for the
4 issuance of a license where the license is issued less than 45 days
5 before the next regular renewal date.

6 (n) The fee for the reissuance of any license, or renewal thereof,
7 that has been lost or destroyed or reissued due to a name change
8 shall be thirty-five dollars (\$35) and may be increased to forty-five
9 dollars (\$45).

10 (o) The fee for the reissuance of any license, or renewal thereof,
11 that must be reissued because of a change in the information, shall
12 be one hundred dollars (\$100) and may be increased to one hundred
13 thirty dollars (\$130).

14 (p) It is the intent of the Legislature that, in setting fees pursuant
15 to this section, the board shall seek to maintain a reserve in the
16 Pharmacy Board Contingent Fund equal to approximately one
17 year's operating expenditures.

18 (q) The fee for any applicant for a nongovernmental clinic
19 license shall be four hundred dollars (\$400) and may be increased
20 to five hundred twenty dollars (\$520) for each license. The annual
21 fee for renewal of the license shall be two hundred fifty dollars
22 (\$250) and may be increased to three hundred twenty-five dollars
23 (\$325) for each license.

24 (r) The fee for the issuance of a pharmacy technician license
25 shall be eighty dollars (\$80) and may be increased to one hundred
26 five dollars (\$105). The fee for renewal of a pharmacy technician
27 license shall be one hundred dollars (\$100) and may be increased
28 to one hundred thirty dollars (\$130).

29 (s) The fee for a veterinary food-animal drug retailer license
30 shall be four hundred five dollars (\$405) and may be increased to
31 four hundred twenty-five dollars (\$425). The annual renewal fee
32 for a veterinary food-animal drug retailer license shall be two
33 hundred fifty dollars (\$250) and may be increased to three hundred
34 twenty-five dollars (\$325).

35 (t) The fee for issuance of a retired license pursuant to Section
36 4200.5 shall be thirty-five dollars (\$35) and may be increased to
37 forty-five dollars (\$45).

38 (u) The fee for issuance or renewal of a nongovernmental sterile
39 compounding pharmacy license shall be six hundred dollars (\$600)
40 and may be increased to seven hundred eighty dollars (\$780). The

1 fee for a temporary license shall be five hundred fifty dollars (\$550)
2 and may be increased to seven hundred fifteen dollars (\$715).

3 (v) The fee for the issuance or renewal of a nonresident sterile
4 compounding pharmacy license shall be seven hundred eighty
5 dollars (\$780). In addition to paying that application fee, the
6 nonresident sterile compounding pharmacy shall deposit, when
7 submitting the application, a reasonable amount, as determined by
8 the board, necessary to cover the board's estimated cost of
9 performing the inspection required by Section 4127.2. If the
10 required deposit is not submitted with the application, the
11 application shall be deemed to be incomplete. If the actual cost of
12 the inspection exceeds the amount deposited, the board shall
13 provide to the applicant a written invoice for the remaining amount
14 and shall not take action on the application until the full amount
15 has been paid to the board. If the amount deposited exceeds the
16 amount of actual and necessary costs incurred, the board shall
17 remit the difference to the applicant.

18 (w) This section shall become inoperative on July 1, 2017, and
19 as of January 1, 2018, is repealed.

20 ~~SEC. 27:~~

21 *SEC. 26.* Section 4400 is added to the Business and Professions
22 Code, to read:

23 4400. The amount of fees and penalties prescribed by this
24 chapter, except as otherwise provided, is that fixed by the board
25 according to the following schedule:

26 (a) The fee for a nongovernmental pharmacy license shall be
27 five hundred twenty dollars (\$520) and may be increased to five
28 hundred seventy dollars (\$570). The fee for the issuance of a
29 temporary nongovernmental pharmacy permit shall be two hundred
30 fifty dollars (\$250) and may be increased to three hundred
31 twenty-five dollars (\$325).

32 (b) The fee for a nongovernmental pharmacy license annual
33 renewal shall be six hundred sixty-five dollars (\$665) and may be
34 increased to nine hundred thirty dollars (\$930).

35 (c) The fee for the pharmacist application and examination shall
36 be two hundred sixty dollars (\$260) and may be increased to two
37 hundred eighty-five dollars (\$285).

38 (d) The fee for regrading an examination shall be ninety dollars
39 (\$90) and may be increased to one hundred fifteen dollars (\$115).

1 If an error in grading is found and the applicant passes the
2 examination, the regrading fee shall be refunded.

3 (e) The fee for a pharmacist license shall be one hundred
4 ninety-five dollars (\$195) and may be increased to two hundred
5 fifteen dollars (\$215). The fee for a pharmacist biennial renewal
6 shall be three hundred sixty dollars (\$360) and may be increased
7 to five hundred five dollars (\$505).

8 (f) The fee for a nongovernmental wholesaler or third-party
9 logistics provider license and annual renewal shall be seven
10 hundred eighty dollars (\$780) and may be increased to eight
11 hundred twenty dollars (\$820). The application fee for any
12 additional location after licensure of the first 20 locations shall be
13 three hundred dollars (\$300) and may be decreased to no less than
14 two hundred twenty-five dollars (\$225). A temporary license fee
15 shall be seven hundred fifteen dollars (\$715) and may be decreased
16 to no less than five hundred fifty dollars (\$550).

17 (g) The fee for a hypodermic license shall be one hundred
18 seventy dollars (\$170) and may be increased to two hundred forty
19 dollars (\$240). The fee for a hypodermic license renewal shall be
20 two hundred dollars (\$200) and may be increased to two hundred
21 eighty dollars (\$280).

22 (h) (1) The fee for application, investigation, and issuance of
23 a license as a designated representative pursuant to Section 4053,
24 or as a designated representative-3PL pursuant to Section 4053.1,
25 shall be one hundred fifty dollars (\$150) and may be increased to
26 two hundred ten dollars (\$210).

27 (2) The fee for the annual renewal of a license as a designated
28 representative or designated representative-3PL shall be two
29 hundred fifteen dollars (\$215) and may be increased to three
30 hundred dollars (\$300).

31 (i) (1) The fee for the application, investigation, and issuance
32 of a license as a designated representative for a veterinary
33 food-animal drug retailer pursuant to Section 4053 shall be one
34 hundred fifty dollars (\$150) and may be increased to two hundred
35 ten dollars (\$210).

36 (2) The fee for the annual renewal of a license as a designated
37 representative for a veterinary food-animal drug retailer shall be
38 two hundred fifteen dollars (\$215) and may be increased to three
39 hundred dollars (\$300).

1 (j) (1) The application fee for a nonresident wholesaler or
2 third-party logistics provider license issued pursuant to Section
3 4161 shall be seven hundred eighty dollars (\$780) and may be
4 increased to eight hundred twenty dollars (\$820).

5 (2) For nonresident wholesalers or third-party logistics providers
6 that have 21 or more facilities operating nationwide the application
7 fees for the first 20 locations shall be seven hundred eighty dollars
8 (\$780) and may be increased to eight hundred twenty dollars
9 (\$820). The application fee for any additional location after
10 licensure of the first 20 locations shall be three hundred dollars
11 (\$300) and may be decreased to no less than two hundred
12 twenty-five dollars (\$225). A temporary license fee shall be seven
13 hundred fifteen dollars (\$715) and may be decreased to no less
14 than five hundred fifty dollars (\$550).

15 (3) The annual renewal fee for a nonresident wholesaler license
16 or third-party logistics provider license issued pursuant to Section
17 4161 shall be seven hundred eighty dollars (\$780) and may be
18 increased to eight hundred twenty dollars (\$820).

19 (k) The fee for evaluation of continuing education courses for
20 accreditation shall be set by the board at an amount not to exceed
21 forty dollars (\$40) per course hour.

22 (l) The fee for an intern pharmacist license shall be one hundred
23 sixty-five dollars (\$165) and may be increased to two hundred
24 thirty dollars (\$230). The fee for transfer of intern hours or
25 verification of licensure to another state shall be twenty-five dollars
26 (\$25) and may be increased to thirty dollars (\$30).

27 (m) The board may waive or refund the additional fee for the
28 issuance of a license where the license is issued less than 45 days
29 before the next regular renewal date.

30 (n) The fee for the reissuance of any license, or renewal thereof,
31 that has been lost or destroyed or reissued due to a name change
32 shall be thirty-five dollars (\$35) and may be increased to forty-five
33 dollars (\$45).

34 (o) The fee for the reissuance of any license, or renewal thereof,
35 that must be reissued because of a change in the information, shall
36 be one hundred dollars (\$100) and may be increased to one hundred
37 thirty dollars (\$130).

38 (p) It is the intent of the Legislature that, in setting fees pursuant
39 to this section, the board shall seek to maintain a reserve in the

1 Pharmacy Board Contingent Fund equal to approximately one
2 year's operating expenditures.

3 (q) The fee for any applicant for a nongovernmental clinic
4 license shall be five hundred twenty dollars (\$520) for each license
5 and may be increased to five hundred seventy dollars (\$570). The
6 annual fee for renewal of the license shall be three hundred
7 twenty-five dollars (\$325) for each license and may be increased
8 to three hundred sixty dollars (\$360).

9 (r) The fee for the issuance of a pharmacy technician license
10 shall be one hundred forty dollars (\$140) and may be increased to
11 one hundred ninety-five dollars (\$195). The fee for renewal of a
12 pharmacy technician license shall be one hundred forty dollars
13 (\$140) and may be increased to one hundred ninety-five dollars
14 (\$195).

15 (s) The fee for a veterinary food-animal drug retailer license
16 shall be four hundred thirty-five dollars (\$435) and may be
17 increased to six hundred ten dollars (\$610). The annual renewal
18 fee for a veterinary food-animal drug retailer license shall be three
19 hundred thirty dollars (\$330) and may be increased to four hundred
20 sixty dollars (\$460).

21 (t) The fee for issuance of a retired license pursuant to Section
22 4200.5 shall be thirty-five dollars (\$35) and may be increased to
23 forty-five dollars (\$45).

24 (u) The fee for issuance of a nongovernmental sterile
25 compounding pharmacy license shall be one thousand six hundred
26 forty-five dollars (\$1,645) and may be increased to two thousand
27 three hundred five dollars (\$2,305). The fee for a temporary license
28 shall be five hundred fifty dollars (\$550) and may be increased to
29 seven hundred fifteen dollars (\$715). The annual renewal fee of
30 the license shall be one thousand three hundred twenty-five dollars
31 (\$1,325) and may be increased to one thousand eight hundred
32 fifty-five dollars (\$1,855).

33 (v) The fee for the issuance of a nonresident sterile compounding
34 pharmacy license shall be two thousand three hundred eighty
35 dollars (\$2,380) and may be increased to three thousand three
36 hundred thirty-five dollars (\$3,335). The annual renewal of the
37 license shall be two thousand two hundred seventy dollars (\$2,270)
38 and may be increased to three thousand one hundred eighty dollars
39 (\$3,180). In addition to paying that application fee, the nonresident
40 sterile compounding pharmacy shall deposit, when submitting the

1 application, a reasonable amount, as determined by the board,
2 necessary to cover the board's estimated cost of performing the
3 inspection required by Section 4127.2. If the required deposit is
4 not submitted with the application, the application shall be deemed
5 to be incomplete. If the actual cost of the inspection exceeds the
6 amount deposited, the board shall provide to the applicant a written
7 invoice for the remaining amount and shall not take action on the
8 application until the full amount has been paid to the board. If the
9 amount deposited exceeds the amount of actual and necessary
10 costs incurred, the board shall remit the difference to the applicant.

11 (w) The fee for the issuance of an outsourcing facility license
12 shall be two thousand two hundred seventy dollars (\$2,270) and
13 may be increased to up to three thousand one hundred eighty
14 dollars (\$3,180) by the board. The fee for the renewal of an
15 outsourcing facility license shall be one thousand three hundred
16 twenty-five dollars (\$1,325) and may be increased to up to one
17 thousand eight hundred fifty-five dollars (\$1,855) by the board.
18 The fee for a temporary outsourcing facility license shall be seven
19 hundred fifteen dollars (\$715).

20 (x) The fee for the issuance of a nonresident outsourcing facility
21 license shall be two thousand three hundred eighty dollars (\$2,380)
22 and may be increased to up to three thousand three hundred
23 thirty-five dollars (\$3,335) by the board. The fee for the renewal
24 of a nonresident outsourcing facility license shall be two thousand
25 two hundred seventy dollars (\$2,270) and may be increased to up
26 to three thousand one hundred eighty dollars (\$3,180) by the board.
27 In addition to paying that application fee, the nonresident
28 outsourcing facility shall deposit, when submitting the application,
29 a reasonable amount, as determined by the board, necessary to
30 cover the board's estimated cost of performing the inspection
31 required by Section 4129.2. If the required deposit is not submitted
32 with the application, the application shall be deemed to be
33 incomplete. If the actual cost of the inspection exceeds the amount
34 deposited, the board shall provide to the applicant a written invoice
35 for the remaining amount and shall not take action on the
36 application until the full amount has been paid to the board. If the
37 amount deposited exceeds the amount of actual and necessary
38 costs incurred, the board shall remit the difference to the applicant.

39 (y) The fee for the issuance of a centralized hospital packaging
40 license shall be eight hundred twenty dollars (\$820) and may be

1 increased to one thousand one hundred fifty dollars (\$1,150). The
2 annual renewal of the license shall be eight hundred five dollars
3 (\$805) and may be increased to one thousand one hundred
4 twenty-five dollars (\$1,125).

5 (z) This section shall become operative on July 1, 2017.

6 ~~SEC. 28.~~

7 *SEC. 27.* Section 4830 of the Business and Professions Code
8 is amended to read:

9 4830. (a) This chapter does not apply to:

10 (1) Veterinarians while serving in any armed branch of the
11 military service of the United States or the United States
12 Department of Agriculture while actually engaged and employed
13 in their official capacity.

14 (2) Veterinarians holding a current, valid license in good
15 standing in another state or country who provide assistance to a
16 California licensed veterinarian and attend on a specific case. The
17 California licensed veterinarian shall maintain a valid
18 veterinarian-client-patient relationship. The veterinarian providing
19 the assistance shall not establish a veterinarian-client-patient
20 relationship with the client by attending the case or at a future time
21 and shall not practice veterinary medicine, open an office, appoint
22 a place to meet patients, communicate with clients who reside
23 within the limits of this state, give orders, or have ultimate authority
24 over the care or primary diagnosis of a patient that is located within
25 this state.

26 (3) Veterinarians called into the state by a law enforcement
27 agency or animal control agency pursuant to subdivision (b).

28 (4) Students in the School of Veterinary Medicine of the
29 University of California or the College of Veterinary Medicine of
30 the Western University of Health Sciences who participate in
31 diagnosis and treatment as part of their educational experience,
32 including those in off-campus educational programs under the
33 direct supervision of a licensed veterinarian in good standing, as
34 defined in paragraph (1) of subdivision (b) of Section 4848,
35 appointed by the University of California, Davis, or the Western
36 University of Health Sciences.

37 (5) A veterinarian who is employed by the Meat and Poultry
38 Inspection Branch of the California Department of Food and
39 Agriculture while actually engaged and employed in his or her
40 official capacity. A person exempt under this paragraph shall not

1 otherwise engage in the practice of veterinary medicine unless he
2 or she is issued a license by the board.

3 (6) Unlicensed personnel employed by the Department of Food
4 and Agriculture or the United States Department of Agriculture
5 when in the course of their duties they are directed by a veterinarian
6 supervisor to conduct an examination, obtain biological specimens,
7 apply biological tests, or administer medications or biological
8 products as part of government disease or condition monitoring,
9 investigation, control, or eradication activities.

10 (b) (1) For purposes of paragraph (3) of subdivision (a), a
11 regularly licensed veterinarian in good standing who is called from
12 another state by a law enforcement agency or animal control
13 agency, as defined in Section 31606 of the Food and Agricultural
14 Code, to attend to cases that are a part of an investigation of an
15 alleged violation of federal or state animal fighting or animal
16 cruelty laws within a single geographic location shall be exempt
17 from the licensing requirements of this chapter if the law
18 enforcement agency or animal control agency determines that it
19 is necessary to call the veterinarian in order for the agency or
20 officer to conduct the investigation in a timely, efficient, and
21 effective manner. In determining whether it is necessary to call a
22 veterinarian from another state, consideration shall be given to the
23 availability of veterinarians in this state to attend to these cases.
24 An agency, department, or officer that calls a veterinarian pursuant
25 to this subdivision shall notify the board of the investigation.

26 (2) Notwithstanding any other provision of this chapter, a
27 regularly licensed veterinarian in good standing who is called from
28 another state to attend to cases that are a part of an investigation
29 described in paragraph (1) may provide veterinary medical care
30 for animals that are affected by the investigation with a temporary
31 shelter facility, and the temporary shelter facility shall be exempt
32 from the registration requirement of Section 4853 if all of the
33 following conditions are met:

34 (A) The temporary shelter facility is established only for the
35 purpose of the investigation.

36 (B) The temporary shelter facility provides veterinary medical
37 care, shelter, food, and water only to animals that are affected by
38 the investigation.

39 (C) The temporary shelter facility complies with Section 4854.

1 (D) The temporary shelter facility exists for not more than 60
2 days, unless the law enforcement agency or animal control agency
3 determines that a longer period of time is necessary to complete
4 the investigation.

5 (E) Within 30 calendar days upon completion of the provision
6 of veterinary health care services at a temporary shelter facility
7 established pursuant to this section, the veterinarian called from
8 another state by a law enforcement agency or animal control agency
9 to attend to a case shall file a report with the board. The report
10 shall contain the date, place, type, and general description of the
11 care provided, along with a listing of the veterinary health care
12 practitioners who participated in providing that care.

13 (c) For purposes of paragraph (3) of subdivision (a), the board
14 may inspect temporary facilities established pursuant to this
15 section.

16 ~~SEC. 29.~~

17 *SEC. 28.* Section 4999 of the Business and Professions Code
18 is amended to read:

19 4999. “Telephone medical advice service” means any business
20 entity that employs, or contracts or subcontracts, directly or
21 indirectly, with, the full-time equivalent of five or more persons
22 functioning as health care professionals, whose primary function
23 is to provide telephone medical advice, that provides telephone
24 medical advice services to a patient at a California address.
25 “Telephone medical advice service” does not include a medical
26 group that operates in multiple locations in California if no more
27 than five full-time equivalent persons at any one location perform
28 telephone medical advice services and those persons limit the
29 telephone medical advice services to patients being treated at that
30 location.

31 ~~SEC. 30.~~

32 *SEC. 29.* Section 4999.1 of the Business and Professions Code
33 is repealed.

34 ~~SEC. 31.~~

35 *SEC. 30.* Section 4999.2 of the Business and Professions Code
36 is amended to read:

37 4999.2. A telephone medical advice service shall be responsible
38 for complying with the following requirements:

39 (a) (1) Ensuring that all health care professionals who provide
40 medical advice services are appropriately licensed, certified, or

1 registered as a physician and surgeon pursuant to Chapter 5
2 (commencing with Section 2000) or the Osteopathic Initiative Act,
3 as a dentist, dental hygienist, dental hygienist in alternative
4 practice, or dental hygienist in extended functions pursuant to
5 Chapter 4 (commencing with Section 1600), as an occupational
6 therapist pursuant to Chapter 5.6 (commencing with Section 2570),
7 as a registered nurse pursuant to Chapter 6 (commencing with
8 Section 2700), as a psychologist pursuant to Chapter 6.6
9 (commencing with Section 2900), as a naturopathic doctor pursuant
10 to Chapter 8.2 (commencing with Section 3610), as a marriage
11 and family therapist pursuant to Chapter 13 (commencing with
12 Section 4980), as a licensed clinical social worker pursuant to
13 Chapter 14 (commencing with Section 4991), as a licensed
14 professional clinical counselor pursuant to Chapter 16
15 (commencing with Section 4999.10), as an optometrist pursuant
16 to Chapter 7 (commencing with Section 3000), or as a chiropractor
17 pursuant to the Chiropractic Initiative Act, and operating consistent
18 with the laws governing their respective scopes of practice in the
19 state within which they provide telephone medical advice services,
20 except as provided in subdivision (b).

21 (2) Ensuring that all health care professionals who provide
22 telephone medical advice services from an out-of-state location,
23 as identified in paragraph (1), are licensed, registered, or certified
24 in the state within which they are providing the telephone medical
25 advice services and are operating consistent with the laws
26 governing their respective scopes of practice.

27 (b) Ensuring that the telephone medical advice provided is
28 consistent with good professional practice.

29 (c) Maintaining records of telephone medical advice services,
30 including records of complaints, provided to patients in California
31 for a period of at least five years.

32 (d) Ensuring that no staff member uses a title or designation
33 when speaking to an enrollee, subscriber, or consumer that may
34 cause a reasonable person to believe that the staff member is a
35 licensed, certified, or registered health care professional described
36 in paragraph (1) of subdivision (a), unless the staff member is a
37 licensed, certified, or registered professional.

38 (e) Complying with all directions and requests for information
39 made by the department.

(f) Notifying the department within 30 days of any change of name, physical location, mailing address, or telephone number of any business, owner, partner, corporate officer, or agent for service of process in California, together with copies of all resolutions or other written communications that substantiate these changes.

~~SEC. 32.~~

SEC. 31. Section 4999.3 of the Business and Professions Code is repealed.

~~SEC. 33.~~

SEC. 32. Section 4999.4 of the Business and Professions Code is repealed.

~~SEC. 34.~~

SEC. 33. Section 4999.5 of the Business and Professions Code is repealed.

~~SEC. 35.~~

SEC. 34. Section 4999.5 is added to the Business and Professions Code, to read:

4999.5. The respective healing arts licensing boards shall be responsible for enforcing this chapter and any other laws and regulations affecting California licensed health care professionals providing telephone medical advice services.

~~SEC. 36.~~

SEC. 35. Section 4999.6 of the Business and Professions Code is repealed.

~~SEC. 37.~~

SEC. 36. Section 7137 of the Business and Professions Code is amended to read:

7137. The board shall set fees by regulation. These fees shall not exceed the following schedule:

(a) The application fee for an original license in a single classification shall not be more than three hundred dollars (\$300).

The application fee for each additional classification applied for in connection with an original license shall not be more than seventy-five dollars (\$75).

The application fee for each additional classification pursuant to Section 7059 shall not be more than seventy-five dollars (\$75).

The application fee to replace a responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee pursuant to Section 7068.2 shall not be more than seventy-five dollars (\$75).

(b) The fee for rescheduling an examination for an applicant who has applied for an original license, additional classification, a change of responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee, or for an asbestos certification or hazardous substance removal certification, shall not be more than sixty dollars (\$60).

(c) The fee for scheduling or rescheduling an examination for a licensee who is required to take the examination as a condition of probation shall not be more than sixty dollars (\$60).

(d) The initial license fee for an active or inactive license shall not be more than one hundred eighty dollars (\$180).

(e) The renewal fee for an active license shall not be more than three hundred sixty dollars (\$360).

The renewal fee for an inactive license shall not be more than one hundred eighty dollars (\$180).

(f) The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration.

(g) The registration fee for a home improvement salesperson shall not be more than seventy-five dollars (\$75).

(h) The renewal fee for a home improvement salesperson registration shall not be more than seventy-five dollars (\$75).

(i) The application fee for an asbestos certification examination shall not be more than seventy-five dollars (\$75).

(j) The application fee for a hazardous substance removal or remedial action certification examination shall not be more than seventy-five dollars (\$75).

(k) In addition to any other fees charged to C-10 and C-7 contractors, the board may charge a fee not to exceed twenty dollars (\$20), which shall be used by the board to enforce provisions of the Labor Code related to electrician certification.

(l) This section shall become inoperative on July 1, 2017, and as of January 1, 2018, is repealed.

~~SEC. 38.~~

SEC. 37. Section 7137 is added to the Business and Professions Code, to read:

7137. The board may set fees by regulation. These fees shall be set according to the following schedule:

(a) (1) The application fee for an original license in a single classification shall be three hundred thirty dollars (\$330) and may

1 be increased to not more than three hundred seventy-five dollars
2 (\$375).

3 (2) The application fee for each additional classification applied
4 for in connection with an original license shall not be more than
5 eighty-five dollars (\$85).

6 (3) The application fee for each additional classification pursuant
7 to Section 7059 shall be one hundred fifty dollars (\$150) and may
8 be increased to not more than one hundred seventy-five dollars
9 (\$175).

10 (4) The application fee to replace a responsible managing officer,
11 responsible managing manager, responsible managing member,
12 or responsible managing employee pursuant to Section 7068.2
13 shall be one hundred fifty dollars (\$150) and may be increased to
14 not more than one hundred seventy-five dollars (\$175).

15 (5) The application fee to add personnel, other than a qualifying
16 individual, to an existing license shall be one hundred dollars
17 (\$100) and may be increased to not more than one hundred fifteen
18 dollars (\$115).

19 (b) The fee for rescheduling an examination for an applicant
20 who has applied for an original license, additional classification,
21 a change of responsible managing officer, responsible managing
22 manager, responsible managing member, or responsible managing
23 employee, or for an asbestos certification or hazardous substance
24 removal certification, shall not be more than seventy dollars (\$70).

25 (c) The fee for scheduling or rescheduling an examination for
26 a licensee who is required to take the examination as a condition
27 of probation shall not be more than seventy dollars (\$70).

28 (d) The initial license fee for an active or inactive license shall
29 be two hundred dollars (\$200) and may be increased to not more
30 than two hundred twenty-five dollars (\$225).

31 (e) (1) The renewal fee for an active license shall be four
32 hundred dollars (\$400) and may be increased to not more than four
33 hundred fifty dollars (\$450).

34 (2) The renewal fee for an inactive license shall be two hundred
35 dollars (\$200) and may be increased to not more than two hundred
36 twenty-five dollars (\$225).

37 (f) The delinquency fee is an amount equal to 50 percent of the
38 renewal fee, if the license is renewed after its expiration.

(g) The registration fee for a home improvement salesperson shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(h) The renewal fee for a home improvement salesperson registration shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(i) The application fee for an asbestos certification examination shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(j) The application fee for a hazardous substance removal or remedial action certification examination shall be eighty-three dollars (\$83) and may be increased to not more than ninety-five dollars (\$95).

(k) In addition to any other fees charged to C-10 and C-7 contractors, the board may charge a fee not to exceed twenty dollars (\$20), which shall be used by the board to enforce provisions of the Labor Code related to electrician certification.

(l) The board shall, by regulation, establish criteria for the approval of expedited processing of applications. Approved expedited processing of applications for licensure or registration, as required by other provisions of law, shall not be subject to this subdivision.

(m) This section shall become operative on July 1, 2017.

~~SEC. 39.~~

SEC. 38. Section 7153.3 of the Business and Professions Code is amended to read:

7153.3. (a) To renew a home improvement salesperson registration, which has not expired, the registrant shall before the time at which the registration would otherwise expire, apply for renewal on a form prescribed by the registrar and pay a renewal fee prescribed by this chapter. Renewal of an unexpired registration shall continue the registration in effect for the two-year period following the expiration date of the registration, when it shall expire if it is not again renewed.

(b) An application for renewal of registration is delinquent if the application is not postmarked or received via electronic transmission as authorized by Section 7156.6 by the date on which the registration would otherwise expire. A registration may, however, still be renewed at any time within three years after its expiration upon the filing of an application for renewal on a form

1 prescribed by the registrar and the payment of the renewal fee
2 prescribed by this chapter and a delinquent renewal penalty in the
3 amount of twenty-five dollars (\$25). If a registration is not renewed
4 within three years, the person shall make a new application for
5 registration pursuant to Section 7153.1.

6 (c) The registrar may refuse to renew a registration for failure
7 by the registrant to complete the application for renewal of
8 registration. If a registrant fails to return the application rejected
9 for insufficiency or incompleteness within 90 days from the
10 original date of rejection, the application and fee shall be deemed
11 abandoned. Any application abandoned may not be reinstated.
12 However, the person may file a new application for registration
13 pursuant to Section 7153.1.

14 The registrar may review and accept the petition of a person who
15 disputes the abandonment of his or her renewal application upon
16 a showing of good cause. This petition shall be received within 90
17 days of the date the application for renewal is deemed abandoned.

18 (d) This section shall become inoperative on July 1, 2017, and
19 as of January 1, 2018, is repealed.

20 ~~SEC. 40.~~

21 *SEC. 39.* Section 7153.3 is added to the Business and
22 Professions Code, to read:

23 7153.3. (a) To renew a home improvement salesperson
24 registration, which has not expired, the registrant shall before the
25 time at which the registration would otherwise expire, apply for
26 renewal on a form prescribed by the registrar and pay a renewal
27 fee prescribed by this chapter. Renewal of an unexpired registration
28 shall continue the registration in effect for the two-year period
29 following the expiration date of the registration, when it shall
30 expire if it is not again renewed.

31 (b) An application for renewal of registration is delinquent if
32 the application is not postmarked or received via electronic
33 transmission as authorized by Section 7156.6 by the date on which
34 the registration would otherwise expire. A registration may,
35 however, still be renewed at any time within three years after its
36 expiration upon the filing of an application for renewal on a form
37 prescribed by the registrar and the payment of the renewal fee
38 prescribed by this chapter and a delinquent renewal penalty equal
39 to 50 percent of the renewal fee. If a registration is not renewed

1 within three years, the person shall make a new application for
2 registration pursuant to Section 7153.1.

3 (c) (1) The registrar may refuse to renew a registration for
4 failure by the registrant to complete the application for renewal of
5 registration. If a registrant fails to return the application rejected
6 for insufficiency or incompleteness within 90 days from the
7 original date of rejection, the application and fee shall be deemed
8 abandoned. Any application abandoned may not be reinstated.
9 However, the person may file a new application for registration
10 pursuant to Section 7153.1.

11 (2) The registrar may review and accept the petition of a person
12 who disputes the abandonment of his or her renewal application
13 upon a showing of good cause. This petition shall be received
14 within 90 days of the date the application for renewal is deemed
15 abandoned.

16 (d) This section shall become operative on July 1, 2017.

17 ~~SEC. 41.~~

18 *SEC. 40.* Section 8516 of the Business and Professions Code
19 is amended to read:

20 8516. (a) This section, and Section 8519, apply only to wood
21 destroying pests or organisms.

22 (b) A registered company or licensee shall not commence work
23 on a contract, or sign, issue, or deliver any documents expressing
24 an opinion or statement relating to the absence or presence of wood
25 destroying pests or organisms until an inspection has been made
26 by a licensed Branch 3 field representative or operator employed
27 by a registered company, except as provided in Section 8519.5.
28 The address of each property inspected or upon which work is
29 completed shall be reported on a form prescribed by the board and
30 shall be filed with the board no later than 10 business days after
31 the commencement of an inspection or upon completed work.

32 Every property inspected pursuant to this subdivision or Section
33 8518 shall be assessed a filing fee pursuant to Section 8674.

34 Failure of a registered company to report and file with the board
35 the address of any property inspected or work completed pursuant
36 to Section 8518 or this section is grounds for disciplinary action
37 and shall subject the registered company to a fine of not more than
38 two thousand five hundred dollars (\$2,500). The address of an
39 inspection report prepared for use by an attorney for litigation

1 purposes shall not be required to be reported to the board and shall
2 not be assessed a filing fee.

3 A written inspection report conforming to this section and a form
4 approved by the board shall be prepared and delivered to the person
5 requesting the inspection and the property owner, or to the property
6 owner's designated agent, within 10 business days from the start
7 of the inspection, except that an inspection report prepared for use
8 by an attorney for litigation purposes is not required to be reported
9 to the board or the property owner. An inspection report may be
10 a complete, limited, supplemental, or reinspection report, as defined
11 by Section 1993 of Title 16 of the California Code of Regulations.
12 The report shall be delivered before work is commenced on any
13 property. The registered company shall retain for three years all
14 inspection reports, field notes, and activity forms.

15 Reports shall be made available for inspection and reproduction
16 to the executive officer of the board or his or her duly authorized
17 representative during business hours. All inspection reports or
18 copies thereof shall be submitted to the board upon demand within
19 two business days. The following shall be set forth in the report:

20 (1) The start date of the inspection and the name of the licensed
21 field representative or operator making the inspection.

22 (2) The name and address of the person or firm ordering the
23 report.

24 (3) The name and address of the property owner and any person
25 who is a party in interest.

26 (4) The address or location of the property.

27 (5) A general description of the building or premises inspected.

28 (6) A foundation diagram or sketch of the structure or structures
29 or portions of the structure or structures inspected, including the
30 approximate location of any infested or infected areas evident, and
31 the parts of the structure where conditions that would ordinarily
32 subject those parts to attack by wood destroying pests or organisms
33 exist. Reporting of the infested or infected wood members, or parts
34 of the structure identified, shall be listed in the inspection report
35 to clearly identify them, as is typical in standard construction
36 components, including, but not limited to, siding, studs, rafters,
37 floor joists, fascia, subfloor, sheathing, and trim boards.

38 (7) Information regarding the substructure, foundation walls
39 and footings, porches, patios and steps, air vents, abutments, attic
40 spaces, roof framing that includes the eaves, rafters, fascias,

1 exposed timbers, exposed sheathing, ceiling joists, and attic walls,
2 or other parts subject to attack by wood destroying pests or
3 organisms. Conditions usually deemed likely to lead to infestation
4 or infection, such as earth-wood contacts, excessive cellulose
5 debris, faulty grade levels, excessive moisture conditions, evidence
6 of roof leaks, and insufficient ventilation are to be reported.

7 (8) One of the following statements, as appropriate, printed in
8 bold type:

9 (A) The exterior surface of the roof was not inspected. If you
10 want the water tightness of the roof determined, you should contact
11 a roofing contractor who is licensed by the Contractors' State
12 License Board.

13 (B) The exterior surface of the roof was inspected to determine
14 whether or not wood destroying pests or organisms are present.

15 (9) Indication or description of any areas that are inaccessible
16 or not inspected with recommendation for further inspection if
17 practicable. If, after the report has been made in compliance with
18 this section, authority is given later to open inaccessible areas, a
19 supplemental report on conditions in these areas shall be made.

20 (10) Recommendations for corrective measures.

21 (11) Information regarding the pesticide or pesticides to be used
22 for their control or prevention as set forth in subdivision (a) of
23 Section 8538.

24 (12) The inspection report shall clearly disclose that if requested
25 by the person ordering the original report, a reinspection of the
26 structure will be performed if an estimate or bid for making repairs
27 was given with the original inspection report, or thereafter.

28 An estimate or bid shall be given separately allocating the costs
29 to perform each and every recommendation for corrective measures
30 as specified in subdivision (c) with the original inspection report
31 if the person who ordered the original inspection report so requests,
32 and if the registered company is regularly in the business of
33 performing each corrective measure.

34 If no estimate or bid was given with the original inspection
35 report, or thereafter, then the registered company shall not be
36 required to perform a reinspection.

37 A reinspection shall be an inspection of those items previously
38 listed on an original report to determine if the recommendations
39 have been completed. Each reinspection shall be reported on an

1 original inspection report form and shall be labeled “Reinspection.”
2 Each reinspection shall also identify the original report by date.

3 After four months from an original inspection, all inspections
4 shall be original inspections and not reinspections.

5 Any reinspection shall be performed for not more than the price
6 of the registered company’s original inspection price and shall be
7 completed within 10 business days after a reinspection has been
8 ordered.

9 (13) The inspection report shall contain the following statement,
10 printed in boldface type:

11
12 “NOTICE: Reports on this structure prepared by various
13 registered companies should list the same findings (i.e. termite
14 infestations, termite damage, fungus damage, etc.). However,
15 recommendations to correct these findings may vary from company
16 to company. You have a right to seek a second opinion from
17 another company.”
18

19 (c) At the time a report is ordered, the registered company or
20 licensee shall inform the person or entity ordering the report, that
21 a separate report is available pursuant to this subdivision. If a
22 separate report is requested at the time the inspection report is
23 ordered, the registered company or licensee shall separately identify
24 on the report each recommendation for corrective measures as
25 follows:

- 26 (1) The infestation or infection that is evident.
27 (2) The conditions that are present that are deemed likely to
28 lead to infestation or infection.

29 If a registered company or licensee fails to inform as required
30 by this subdivision and a dispute arises, or if any other dispute
31 arises as to whether this subdivision has been complied with, a
32 separate report shall be provided within 24 hours of the request
33 but, in no event, later than the next business day, and at no
34 additional cost.

35 (d) When a corrective condition is identified, either as paragraph
36 (1) or (2) of subdivision (c), and the property owner or the property
37 owner’s designated agent chooses not to correct those conditions,
38 the registered company or licensee shall not be liable for damages
39 resulting from a failure to correct those conditions or subject to
40 any disciplinary action by the board. Nothing in this subdivision,

1 however, shall relieve a registered company or a licensee of any
2 liability resulting from negligence, fraud, dishonest dealing, other
3 violations pursuant to this chapter, or contractual obligations
4 between the registered company or licensee and the responsible
5 parties.

6 (e) The inspection report form prescribed by the board shall
7 separately identify the infestation or infection that is evident and
8 the conditions that are present that are deemed likely to lead to
9 infestation or infection. If a separate form is requested, the form
10 shall explain the infestation or infection that is evident and the
11 conditions that are present that are deemed likely to lead to
12 infestation or infection and the difference between those conditions.
13 In no event, however, shall conditions deemed likely to lead to
14 infestation or infection be characterized as actual “defects” or as
15 actual “active” infestations or infections or in need of correction
16 as a precondition to issuing a certification pursuant to Section
17 8519.

18 (f) The report and any contract entered into shall also state
19 specifically when any guarantee for the work is made, and if so,
20 the specific terms of the guarantee and the period of time for which
21 the guarantee shall be in effect. If a guarantee extends beyond three
22 years, the registered company shall maintain all original inspection
23 reports, field notes, activity forms, and notices of completion for
24 the duration of the guarantee period and for one year after the
25 guarantee expires.

26 (g) For purposes of this section, “control service agreement”
27 means an agreement, including extended warranties, to have a
28 licensee conduct over a period of time regular inspections and
29 other activities related to the control or eradication of wood
30 destroying pests and organisms. Under a control service agreement
31 a registered company shall refer to the original report and contract
32 in a manner as to identify them clearly, and the report shall be
33 assumed to be a true report of conditions as originally issued,
34 except it may be modified after a control service inspection. A
35 registered company is not required to issue a report as outlined in
36 paragraphs (1) to (11), inclusive, of subdivision (b) after each
37 control service inspection. If after control service inspection, no
38 modification of the original report is made in writing, then it will
39 be assumed that conditions are as originally reported. A control
40 service contract shall state specifically the particular wood

1 destroying pests or organisms and the portions of the buildings or
2 structures covered by the contract.

3 (h) A registered company or licensee may enter into and
4 maintain a control service agreement provided the following
5 requirements are met:

6 (1) The control service agreement shall be in writing, signed by
7 both parties, and shall specifically include the following:

8 (A) The wood destroying pests and organisms covered by the
9 control service agreement.

10 (B) Any wood destroying pest or organism that is not covered
11 must be specifically listed.

12 (C) The type and manner of treatment to be used to correct the
13 infestations or infections.

14 (D) The structures or buildings, or portions thereof, covered by
15 the agreement, including a statement specifying whether the
16 coverage for purposes of periodic inspections is limited or full.
17 Any exclusions from those described in the original report must
18 be specifically listed.

19 (E) A reference to the original inspection report.

20 (F) The frequency of the inspections to be provided, the fee to
21 be charged for each renewal, and the duration of the agreement.

22 (G) Whether the fee includes structural repairs.

23 (H) If the services provided are guaranteed, and, if so, the terms
24 of the guarantee.

25 (I) A statement that all corrections of infestations or infections
26 covered by the control service agreement shall be completed within
27 six months of discovery, unless otherwise agreed to in writing by
28 both parties.

29 (2) The original inspection report, the control service agreement,
30 and completion report shall be maintained for three years after the
31 cancellation of the control service agreement.

32 (3) Inspections made pursuant to a control service agreement
33 shall be conducted by a Branch 3 licensee. Section 8506.1 does
34 not modify this provision.

35 (4) A full inspection of the property covered by the control
36 service agreement shall be conducted and a report filed pursuant
37 to subdivision (b) at least once every three years from the date that
38 the agreement was entered into, unless the consumer cancels the
39 contract within three years from the date the agreement was entered
40 into.

1 (5) Under a control service agreement, a written report shall be
2 required for the correction of any infestation or infection unless
3 all of the following conditions are met:

4 (A) The infestation or infection has been previously reported.

5 (B) The infestation or infection is covered by the control service
6 agreement.

7 (C) There is no additional charge for correcting the infestation
8 or infection.

9 (D) Correction of the infestation or infection takes place within
10 45 days of its discovery.

11 (E) Correction of the infestation or infection does not include
12 fumigation.

13 (6) All notice requirements pursuant to Section 8538 shall apply
14 to all pesticide treatments conducted under control service
15 agreements.

16 (i) All work recommended by a registered company, where an
17 estimate or bid for making repairs was given with the original
18 inspection report, or thereafter, shall be recorded on this report or
19 a separate work agreement and shall specify a price for each
20 recommendation. This information shall be provided to the person
21 requesting the inspection, and shall be retained by the registered
22 company with the inspection report copy for three years.

23 ~~SEC. 42.~~

24 *SEC. 41.* Section 8518 of the Business and Professions Code
25 is amended to read:

26 8518. (a) When a registered company completes work under
27 a contract, it shall prepare, on a form prescribed by the board, a
28 notice of work completed and not completed, and shall furnish
29 that notice to the owner of the property or the owner's agent within
30 10 business days after completing the work. The notice shall
31 include a statement of the cost of the completed work and estimated
32 cost of work not completed.

33 (b) The address of each property inspected or upon which work
34 was completed shall be reported on a form prescribed by the board
35 and shall be filed with the board no later than 10 business days
36 after completed work.

37 (c) A filing fee shall be assessed pursuant to Section 8674 for
38 every property upon which work is completed.

39 (d) Failure of a registered company to report and file with the
40 board the address of any property upon which work was completed

1 pursuant to subdivision (b) of Section 8516 or this section is
2 grounds for disciplinary action and shall subject the registered
3 company to a fine of not more than two thousand five hundred
4 dollars (\$2,500).

5 (e) The registered company shall retain for three years all
6 original notices of work completed, work not completed, and
7 activity forms.

8 (f) Notices of work completed and not completed shall be made
9 available for inspection and reproduction to the executive officer
10 of the board or his or her duly authorized representative during
11 business hours. Original notices of work completed or not
12 completed or copies thereof shall be submitted to the board upon
13 request within two business days.

14 (g) This section shall only apply to work relating to wood
15 destroying pests or organisms.

16 ~~SEC. 43.~~

17 *SEC. 42.* Section 1348.8 of the Health and Safety Code is
18 amended to read:

19 1348.8. (a) A health care service plan that provides, operates,
20 or contracts for telephone medical advice services to its enrollees
21 and subscribers shall do all of the following:

22 (1) Ensure that the in-state or out-of-state telephone medical
23 advice service complies with the requirements of Chapter 15
24 (commencing with Section 4999) of Division 2 of the Business
25 and Professions Code.

26 (2) Ensure that the staff providing telephone medical advice
27 services for the in-state or out-of-state telephone medical advice
28 service are licensed as follows:

29 (A) For full service health care service plans, the staff hold a
30 valid California license as a registered nurse or a valid license in
31 the state within which they provide telephone medical advice
32 services as a physician and surgeon or physician assistant, and are
33 operating in compliance with the laws governing their respective
34 scopes of practice.

35 (B) (i) For specialized health care service plans providing,
36 operating, or contracting with a telephone medical advice service
37 in California, the staff shall be appropriately licensed, registered,
38 or certified as a dentist pursuant to Chapter 4 (commencing with
39 Section 1600) of Division 2 of the Business and Professions Code,
40 as a dental hygienist pursuant to Article 7 (commencing with

1 Section 1740) of Chapter 4 of Division 2 of the Business and
2 Professions Code, as a physician and surgeon pursuant to Chapter
3 5 (commencing with Section 2000) of Division 2 of the Business
4 and Professions Code or the Osteopathic Initiative Act, as a
5 registered nurse pursuant to Chapter 6 (commencing with Section
6 2700) of Division 2 of the Business and Professions Code, as a
7 psychologist pursuant to Chapter 6.6 (commencing with Section
8 2900) of Division 2 of the Business and Professions Code, as an
9 optometrist pursuant to Chapter 7 (commencing with Section 3000)
10 of Division 2 of the Business and Professions Code, as a marriage
11 and family therapist pursuant to Chapter 13 (commencing with
12 Section 4980) of Division 2 of the Business and Professions Code,
13 as a licensed clinical social worker pursuant to Chapter 14
14 (commencing with Section 4991) of Division 2 of the Business
15 and Professions Code, as a professional clinical counselor pursuant
16 to Chapter 16 (commencing with Section 4999.10) of Division 2
17 of the Business and Professions Code, or as a chiropractor pursuant
18 to the Chiropractic Initiative Act, and operating in compliance
19 with the laws governing their respective scopes of practice.

20 (ii) For specialized health care service plans providing,
21 operating, or contracting with an out-of-state telephone medical
22 advice service, the staff shall be health care professionals, as
23 identified in clause (i), who are licensed, registered, or certified
24 in the state within which they are providing the telephone medical
25 advice services and are operating in compliance with the laws
26 governing their respective scopes of practice. All registered nurses
27 providing telephone medical advice services to both in-state and
28 out-of-state business entities registered pursuant to this chapter
29 shall be licensed pursuant to Chapter 6 (commencing with Section
30 2700) of Division 2 of the Business and Professions Code.

31 (3) Ensure that every full service health care service plan
32 provides for a physician and surgeon who is available on an on-call
33 basis at all times the service is advertised to be available to
34 enrollees and subscribers.

35 (4) Ensure that staff members handling enrollee or subscriber
36 calls, who are not licensed, certified, or registered as required by
37 paragraph (2), do not provide telephone medical advice. Those
38 staff members may ask questions on behalf of a staff member who
39 is licensed, certified, or registered as required by paragraph (2),
40 in order to help ascertain the condition of an enrollee or subscriber

1 so that the enrollee or subscriber can be referred to licensed staff.
2 However, under no circumstances shall those staff members use
3 the answers to those questions in an attempt to assess, evaluate,
4 advise, or make any decision regarding the condition of an enrollee
5 or subscriber or determine when an enrollee or subscriber needs
6 to be seen by a licensed medical professional.

7 (5) Ensure that no staff member uses a title or designation when
8 speaking to an enrollee or subscriber that may cause a reasonable
9 person to believe that the staff member is a licensed, certified, or
10 registered professional described in Section 4999.2 of the Business
11 and Professions Code unless the staff member is a licensed,
12 certified, or registered professional.

13 (6) Ensure that the in-state or out-of-state telephone medical
14 advice service designates an agent for service of process in
15 California and files this designation with the director.

16 (7) Require that the in-state or out-of-state telephone medical
17 advice service makes and maintains records for a period of five
18 years after the telephone medical advice services are provided,
19 including, but not limited to, oral or written transcripts of all
20 medical advice conversations with the health care service plan's
21 enrollees or subscribers in California and copies of all complaints.
22 If the records of telephone medical advice services are kept out of
23 state, the health care service plan shall, upon the request of the
24 director, provide the records to the director within 10 days of the
25 request.

26 (8) Ensure that the telephone medical advice services are
27 provided consistent with good professional practice.

28 (b) The director shall forward to the Department of Consumer
29 Affairs, within 30 days of the end of each calendar quarter, data
30 regarding complaints filed with the department concerning
31 telephone medical advice services.

32 (c) For purposes of this section, "telephone medical advice"
33 means a telephonic communication between a patient and a health
34 care professional in which the health care professional's primary
35 function is to provide to the patient a telephonic response to the
36 patient's questions regarding his or her or a family member's
37 medical care or treatment. "Telephone medical advice" includes
38 assessment, evaluation, or advice provided to patients or their
39 family members.

1 ~~SEC. 44.~~

2 *SEC. 43.* Section 10279 of the Insurance Code is amended to
3 read:

4 10279. (a) Every disability insurer that provides group or
5 individual policies of disability, or both, that provides, operates,
6 or contracts for, telephone medical advice services to its insureds
7 shall do all of the following:

8 (1) Ensure that the in-state or out-of-state telephone medical
9 advice service complies with the requirements of Chapter 15
10 (commencing with Section 4999) of Division 2 of the Business
11 and Professions Code.

12 (2) Ensure that the staff providing telephone medical advice
13 services for the in-state or out-of-state telephone medical advice
14 service hold a valid California license as a registered nurse or a
15 valid license in the state within which they provide telephone
16 medical advice services as a physician and surgeon or physician
17 assistant and are operating consistent with the laws governing their
18 respective scopes of practice.

19 (3) Ensure that a physician and surgeon is available on an on-call
20 basis at all times the service is advertised to be available to
21 enrollees and subscribers.

22 (4) Ensure that the in-state or out-of-state telephone medical
23 advice service designates an agent for service of process in
24 California and files this designation with the commissioner.

25 (5) Require that the in-state or out-of-state telephone medical
26 advice service makes and maintains records for a period of five
27 years after the telephone medical advice services are provided,
28 including, but not limited to, oral or written transcripts of all
29 medical advice conversations with the disability insurer's insureds
30 in California and copies of all complaints. If the records of
31 telephone medical advice services are kept out of state, the insurer
32 shall, upon the request of the director, provide the records to the
33 director within 10 days of the request.

34 (6) Ensure that the telephone medical advice services are
35 provided consistent with good professional practice.

36 (b) The commissioner shall forward to the Department of
37 Consumer Affairs, within 30 days of the end of each calendar
38 quarter, data regarding complaints filed with the department
39 concerning telephone medical advice services.

1 ~~SEC. 45.~~
2 *SEC. 44.* No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 the only costs that may be incurred by a local agency or school
5 district will be incurred because this act creates a new crime or
6 infraction, eliminates a crime or infraction, or changes the penalty
7 for a crime or infraction, within the meaning of Section 17556 of
8 the Government Code, or changes the definition of a crime within
9 the meaning of Section 6 of Article XIII B of the California
10 Constitution.

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 1209 (Morrell)
Status/Location:	Chaptered 8/19/16 (Chapter 152)
Sponsor:	Contractors State License Board (CSLB)
Subject:	Complaint Disclosure
Code Section:	Business & Professions 7124.6

Summary

Existing law requires CSLB to disclose to the public all complaints that have been referred for accusation or for investigation after a determination that a probable violation has occurred.

This bill provides that this required disclosure appear as well on the license record of any other license that lists a qualifier also listed on the personnel of record of the license that received the citation.

Comments:

Business and Professions (B&P) Code section 7124.6 was enacted in 2001, pursuant to SB 135 (Figueroa). Prior to that legislation, complaints were only made available to the public if CSLB determined that a violation had occurred and the case was referred to the Attorney General's office or a local district attorney's office.

Fiscal Impact for CSLB

No fiscal impact.

Board Position and Comments

SPONSOR/SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. This proposal will further the goal of B&P Code §7124.6, which is to disclose information to consumers regarding contractors that CSLB has disciplined.

In its current form, B&P Code §7124.6 (e)(1) limits disclosure of a citation only to the license subject to a complaint substantiating that citation. Once that citation is disclosed, B&P Code section 7124.6 does not extend that disclosure to licenses obtained or joined by persons thereafter.

Contractors know that if CSLB issues a citation, they can cancel that license and obtain or join a new license not subject to the complaint disclosure affecting the previous license. Thus, persons aware of this limitation are free to operate under a different entity clear of any disclosure action. This eviscerates the purpose of the B&P Code

§7124.6 disciplinary action, which is to provide for consumer protection by reporting the activities subjecting individual contractors to discipline.

Sen. Morrell agreed to carry this bill after a constituent, Pamela Gelband, brought the issue to his attention; she also first brought this issue to CSLB's attention.

Date: August 25, 2016

Senate Bill No. 1209

CHAPTER 152

An act to amend Section 7124.6 of the Business and Professions Code, relating to contractors.

[Approved by Governor August 19, 2016. Filed with
Secretary of State August 19, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1209, Morrell. Contractors: discipline.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board. Existing law requires an applicant for licensure to qualify in regard to his or her experience depending on whether the applicant is an individual or a business entity. For purposes of the law, existing law defines "members of the personnel of record" as every person listed in the records of the registrar as then associated with a licensee. Existing law requires the registrar, among other things, to make available to the public the date, nature, and disposition of all legal actions against a licensee, except as specified. Existing law limits the disclosure of citations to a specified time period.

This bill would require that disclosure of citations also appear, for the period of disclosure of the citation, on the license record of any other license identified as a qualifier who is listed in the members of the personnel of record of the license that was issued the citation.

The people of the State of California do enact as follows:

SECTION 1. Section 7124.6 of the Business and Professions Code is amended to read:

7124.6. (a) The registrar shall make available to members of the public the date, nature, and status of all complaints on file against a licensee that do either of the following:

- (1) Have been referred for accusation.
- (2) Have been referred for investigation after a determination by board enforcement staff that a probable violation has occurred, and have been reviewed by a supervisor, and regard allegations that if proven would present a risk of harm to the public and would be appropriate for suspension or revocation of the contractor's license or criminal prosecution.

(b) The board shall create a disclaimer that shall accompany the disclosure of a complaint that shall state that the complaint is an allegation. The disclaimer may also contain any other information the board determines would be relevant to a person evaluating the complaint.

(c) A complaint resolved in favor of the contractor shall not be subject to disclosure.

(d) Except as described in subdivision (e), the registrar shall make available to members of the public the date, nature, and disposition of all legal actions.

(e) Disclosure of legal actions shall be limited as follows:

(1) (A) Citations shall be disclosed from the date of issuance and for five years after the date of compliance if no additional disciplinary actions have been filed against the licensee during the five-year period. If additional disciplinary actions were filed against the licensee during the five-year period, all disciplinary actions shall be disclosed for as long as the most recent disciplinary action is subject to disclosure under this section. At the end of the specified time period, those citations shall no longer be disclosed.

(B) Any disclosure pursuant to this paragraph shall also appear on the license record of any other license identified as a qualifier as defined in Section 7025 who is listed in the members of the personnel of record as defined in Section 7025 of the license that was issued the citation.

(C) The disclosure described in subparagraph (B) shall be for the period of disclosure of the citation.

(2) Accusations that result in suspension, stayed suspension, or stayed revocation of the contractor's license shall be disclosed from the date the accusation is filed and for seven years after the accusation has been settled, including the terms and conditions of probation if no additional disciplinary actions have been filed against the licensee during the seven-year period. If additional disciplinary actions were filed against the licensee during the seven-year period, all disciplinary actions shall be posted for as long as the most recent disciplinary action is subject to disclosure under this section. At the end of the specified time period, those accusations shall no longer be disclosed.

(3) All revocations that are not stayed shall be disclosed indefinitely from the effective date of the revocation.

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 1348 (Canella)
Status/Location:	Chaptered 8/22/16 – Chapter # 174
Sponsor:	Author
Subject:	Licensure Applications: Military Experience
Code Section:	Business & Professions 114.5

Summary

Existing Law:

1. Requires boards within the Department of Consumer Affairs (DCA) to waive the renewal fees and other related renewal requirements for any licensee called to active military duty.
2. Requires DCA boards to ask on all applications if the applicant is currently or has previously served in the military.
3. Beginning July 1, 2016, requires boards to expedite the initial license process for applicants who previously served in the military and were actively discharged from service.

This bill requires DCA boards to post information online to advise veteran applicants about their ability to apply military experience and training towards licensure requirements.

Fiscal Impact for CSLB

Minor and absorbable.

Board Position and Comments

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. This requirement may help veterans become more familiar with how their training and experience can help meet the existing experience requirements for applicants.

Contractors State License Board (CSLB) staff is currently updating applications and has included additional information about military experience.

Date: August 26, 2016

Senate Bill No. 1348

CHAPTER 174

An act to amend Section 114.5 of the Business and Professions Code, relating to professions and vocations.

[Approved by Governor August 22, 2016. Filed with
Secretary of State August 22, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1348, Cannella. Licensure applications: military experience.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law requires each board to inquire in every application for licensure if the individual applying for licensure is serving in, or has previously served in, the military.

This bill would require each board, with a governing law authorizing veterans to apply military experience and training towards licensure requirements, to post information on the board's Internet Web site about the ability of veteran applicants to apply their military experience and training towards licensure requirements.

The people of the State of California do enact as follows:

SECTION 1. Section 114.5 of the Business and Professions Code is amended to read:

114.5. (a) Each board shall inquire in every application for licensure if the individual applying for licensure is serving in, or has previously served in, the military.

(b) If a board's governing law authorizes veterans to apply military experience and training towards licensure requirements, that board shall post information on the board's Internet Web site about the ability of veteran applicants to apply military experience and training towards licensure requirements.

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CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number:	SB 1479 (Business, Professions and Economic Development)
Status/Location:	Amended 8/18/16 – Assembly Floor
Sponsor:	Various boards with the Department of Consumer Affairs
Subject:	Business & Professions
Code Section:	Business & Professions 7074 & 7159.5

Summary:

As it pertains to the Contractors State License Board (CSLB), this bill:

1. Eliminates the provision of existing law that voids an application after an applicant has failed to reschedule an exam within 90 days of cancellation, or twice failed to appear for an exam.
2. Provides that a contractor must be licensed for two years, rather than the current requirement of five years, in order to be eligible for a blanket performance and payment bond.

Comments:

The language regarding exam scheduling was approved by the Board in December 2015 as a legislative proposal.

The other provision came from the Constructors Employers Association. It will allow licensees to qualify sooner to hold a blanket performance and payment bond. Licensees still need to meet all existing criteria and requirements to hold such a bond.

Background:

This proposal originated from CSLB's Testing division. In general, an applicant must successfully complete the required exams no longer than 18 months after approval of his or her application. However, existing law provides several conditions under which an application for an original license, or for an additional classification, or for a change of qualifier, is voided. Testing would like to eliminate the two conditions that void an application because of exam scheduling, since computer based testing makes it unnecessary.

The Testing division's Examination Administration Unit receives applicant complaints each time the Board sends out a "Void After 90-days" letter. Staff also receive numerous complaints from applicants who call to reschedule an exam and are told that they cannot schedule an exam outside of the 90-day window.

Fiscal Impact for CSLB:

None.

Board Position and Comments:

SUPPORT. The Board took a support position at a prior meeting, so no further action is needed. This proposed change will ease the exam scheduling process for applicants without causing a burden to program staff. Existing law provides that an application becomes void if the applicant does not successfully complete the exam within 18 months; this proposal does not change that provision.

Date: August 22, 2016

AMENDED IN ASSEMBLY AUGUST 18, 2016

SENATE BILL

No. 1479

Introduced by Committee on Business, Professions and Economic Development (Senators Hill (Chair), Bates, Berryhill, Block, Galgiani, Hernandez, Jackson, Mendoza, and Wieckowski)

March 10, 2016

An act to amend Sections 5092, 5094.3, 5550.2, 7074, 7159.5, 7612.6, 7844, and 7887 of the Business and Professions Code, and to amend Section 13995.1 of the Government Code, relating to business and professions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1479, as amended, Committee on Business, Professions and Economic Development. Business and professions.

(1) Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, which is within the Department of Consumer Affairs. Existing law requires an applicant for licensure as a certified public accountant to provide documentation to the board of the completion of a certain number of units of ethics study, as specified. Existing law requires a portion of those units to come from courses containing specified terms in the course title, including, but not limited to, corporate governance.

This bill would instead require those units to come from courses in specified subjects relating to ethics.

(2) The Architects Practice Act provides for the licensure and regulation of architects and landscape architects by the California Architects Board, which is within the Department of Consumer Affairs, and requires a person to pass an examination as a condition of licensure as an architect. Existing law authorizes the board to grant eligibility to

a candidate to take the licensure examination if he or she is enrolled in an Additional Path to Architecture Licensing program that integrates the experience and examination components offered by a National Architectural Accrediting Board-accredited degree program.

This bill would instead authorize the board to grant eligibility to a candidate to take the licensure examination if he or she is enrolled in a degree program accepted by the National Council of Architectural Registration Boards that integrates the licensure degree experience and examination components required under that act.

(3) The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board, which is within the Department of Consumer Affairs. That law requires, except as specified, an application for an original license, an additional classification, or for a change of qualifier to become void when certain conditions are met, including if the applicant or examinee for the applicant has failed to appear for the scheduled qualifying examination and fails to request and pay the fee for rescheduling within 90 days of notification of failure to appear or if the applicant or the examinee for the applicant has failed to achieve a passing grade in the scheduled qualifying examination and fails to request and pay the fee for rescheduling within 90 days of notification of failure to pass the examination.

This bill would delete those above-mentioned conditions as reasons for an application for an original license, an additional classification, or for a change of qualifier to become void.

With respect to home improvement contracts between an owner or tenant and a contractor, whether a general contractor or a specialty contractor, that is licensed or subject to be licensed with regard to the transaction, existing statutory law makes the failure to comply with specified provisions governing the furnishing of a performance and payment bond a cause for discipline. Existing regulatory law requires a licensee seeking approval of a blanket bond to meet certain conditions and to submit to the board an Application for Approval of Blanket Performance and Payment Bond. Existing regulatory law requires a licensee to be licensed in this state in an active status for not less than 5 years prior to submitting that application.

This bill would instead require such a licensee to be licensed for not less than 2 years prior to submitting that application.

(4) Existing law, the Cemetery and Funeral Act, requires each cemetery authority to annually file with the Cemetery and Funeral

Bureau a specified written report that includes information relating to the general and special endowment care funds. Existing law requires the report to be accompanied by an annual audit report of those funds and specifies the scope of the audit.

This bill would require the audit to be prepared in accordance with generally accepted accounting principles.

(4)

(5) The Geologist and Geophysicist Act provides for the registration and regulation of professional geologists and professional geophysicists by the Board for Professional Engineers, Land Surveyors, and Geologists, which is within the Department of Consumer Affairs. That act requires an applicant for registration to take an examination and requires the examination to be held at the times and places within the state that the board determines.

This bill would authorize the board to make arrangements with a public or private organization to conduct the examination. The bill would authorize the board to contract with such an organization ~~the~~ for materials or services related to the examination and would authorize the board to allow an organization specified by the board to receive, directly from applicants, payments of the examination fees charged by that organization for materials and services.

(5)

(6) The California Tourism Marketing Act requires the Governor to appoint a Tourism Selection Committee, as specified, and provides that the Director of the Governor's Office of Business and Economic Development has the power to veto actions of the commission. That act states various findings and declarations by the Legislature regarding the tourism industry in California, including that the mechanism created by that act to fund generic promotions be pursuant to the supervision and oversight of the secretary.

This bill would instead find and declare that the mechanism to fund generic promotions be pursuant to the supervision and oversight of the Director of the Governor's Office of Business and Economic Development.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5092 of the Business and Professions
2 Code is amended to read:

3 5092. (a) To qualify for the certified public accountant license,
4 an applicant who is applying under this section shall meet the
5 education, examination, and experience requirements specified in
6 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to
7 this article. The board may adopt regulations as necessary to
8 implement this section.

9 (b) An applicant for the certified public accountant license shall
10 present satisfactory evidence that the applicant has completed a
11 baccalaureate or higher degree conferred by a college or university,
12 meeting, at a minimum, the standards described in Section 5094,
13 the total educational program to include a minimum of 24 semester
14 units in accounting subjects and 24 semester units in business
15 related subjects. This evidence shall be provided prior to admission
16 to the examination for the certified public accountant license,
17 except that an applicant who applied, qualified, and sat for at least
18 two subjects of the examination for the certified public accountant
19 license before May 15, 2002, may provide this evidence at the
20 time of application for licensure.

21 (c) An applicant for the certified public accountant license shall
22 pass an examination prescribed by the board pursuant to this article.

23 (d) The applicant shall show, to the satisfaction of the board,
24 that the applicant has had two years of qualifying experience. This
25 experience may include providing any type of service or advice
26 involving the use of accounting, attest, compilation, management
27 advisory, financial advisory, tax, or consulting skills. To be
28 qualifying under this section, experience shall have been performed
29 in accordance with applicable professional standards. Experience
30 in public accounting shall be completed under the supervision or
31 in the employ of a person licensed or otherwise having comparable
32 authority under the laws of any state or country to engage in the
33 practice of public accountancy. Experience in private or
34 governmental accounting or auditing shall be completed under the
35 supervision of an individual licensed by a state to engage in the
36 practice of public accountancy.

37 (e) This section shall become inoperative on January 1, 2014,
38 but shall become or remain operative if the educational

1 requirements in ethics study and accounting study established by
2 subdivision (b) of Section 5093, Section 5094.3, and Section
3 5094.6 are reduced or eliminated.

4 (f) The amendment to subdivision (d) of Section 5094.3 made
5 by the measure adding this subdivision shall not be deemed to
6 reduce or eliminate the educational requirements of Section 5094.3
7 for purposes of subdivision (e) of this ~~Section~~ *section*.

8 SEC. 2. Section 5094.3 of the Business and Professions Code
9 is amended to read:

10 5094.3. (a) An applicant for licensure as a certified public
11 accountant shall, to the satisfaction of the board, provide
12 documentation of the completion of 10 semester units or 15 quarter
13 units of ethics study, as set forth in paragraph (2) of subdivision
14 (b) of Section 5093, in the manner prescribed in this section.

15 (b) (1) Between January 1, 2014, and December 31, 2016,
16 inclusive, an applicant shall complete 10 semester units or 15
17 quarter units in courses described in subdivisions (d), (e), and (f).

18 (2) Beginning January 1, 2017, an applicant shall complete 10
19 semester units or 15 quarter units in courses described in
20 subdivisions (c), (d), (e), and (f).

21 (c) A minimum of three semester units or four quarter units in
22 courses at an upper division level or higher devoted to accounting
23 ethics or accountants' professional responsibilities, unless the
24 course was completed at a community college, in which case it
25 need not be completed at the upper division level or higher.

26 (d) Between January 1, 2014, and December 31, 2016, inclusive,
27 a maximum of 10 semester units or 15 quarter units, and on and
28 after January 1, 2017, a maximum of 7 semester units or 11 quarter
29 units, in the following subjects relating to ethics:

- 30 (1) Business, government, and society.
- 31 (2) Business law.
- 32 (3) Corporate governance.
- 33 (4) Corporate social responsibility.
- 34 (5) Ethics.
- 35 (6) Fraud.
- 36 (7) Human resources management.
- 37 (8) Business leadership.
- 38 (9) Legal environment of business.
- 39 (10) Management of organizations.
- 40 (11) Morals.

1 (12) Organizational behavior.

2 (13) Professional responsibilities.

3 (14) Auditing.

4 (e) (1) A maximum of three semester units or four quarter units
5 in courses taken in the following disciplines:

6 (A) Philosophy.

7 (B) Religion.

8 (C) Theology.

9 (2) To qualify under this subdivision, the course title shall
10 contain one or more of the terms “introduction,” “introductory,”
11 “general,” “fundamentals of,” “principles,” “foundation of,” or
12 “survey of,” or have the name of the discipline as the sole name
13 of the course title.

14 (f) A maximum of one semester unit of ethics study for
15 completion of a course specific to financial statement audits.

16 (g) An applicant who has successfully passed the examination
17 requirement specified under Section 5082 on or before December
18 31, 2013, is exempt from this section unless the applicant fails to
19 obtain the qualifying experience as specified in Section 5092 or
20 5093 on or before December 31, 2015.

21 SEC. 3. Section 5550.2 of the Business and Professions Code
22 is amended to read:

23 5550.2. Notwithstanding subdivision (b) of Section 5552, the
24 board may grant eligibility to take the licensure examination to a
25 candidate enrolled in a degree program accepted by the National
26 Council of Architectural Registration Boards that integrates the
27 licensure degree experience and examination components required
28 under this chapter. The eligibility point shall be determined by that
29 degree program.

30 SEC. 4. Section 7074 of the Business and Professions Code is
31 amended to read:

32 7074. (a) Except as otherwise provided by this section, an
33 application for an original license, for an additional classification,
34 or for a change of qualifier shall become void when:

35 (1) The applicant or the examinee for the applicant has failed
36 to achieve a passing grade in the qualifying examination within
37 18 months after the application has been deemed acceptable by
38 the board.

1 (2) The applicant for an original license, after having been
2 notified to do so, fails to pay the initial license fee within 90 days
3 from the date of the notice.

4 (3) The applicant, after having been notified to do so, fails to
5 file within 90 days from the date of the notice any bond or cash
6 deposit or other documents that may be required for issuance or
7 granting pursuant to this chapter.

8 (4) After filing, the applicant withdraws the application.

9 (5) The applicant fails to return the application rejected by the
10 board for insufficiency or incompleteness within 90 days from the
11 date of original notice or rejection.

12 (6) The application is denied after disciplinary proceedings
13 conducted in accordance with the provisions of this code.

14 (b) The void date on an application may be extended up to 90
15 days or one examination may be rescheduled without a fee upon
16 documented evidence by the applicant that the failure to complete
17 the application process or to appear for an examination was due
18 to a medical emergency or other circumstance beyond the control
19 of the applicant.

20 (c) An application voided pursuant to this section shall remain
21 in the possession of the registrar for the period as he or she deems
22 necessary and shall not be returned to the applicant. Any
23 reapplication for a license shall be accompanied by the fee fixed
24 by this chapter.

25 *SEC. 5. Section 7159.5 of the Business and Professions Code*
26 *is amended to read:*

27 7159.5. This section applies to all home improvement contracts,
28 as defined in Section 7151.2, between an owner or tenant and a
29 contractor, whether a general contractor or a specialty contractor,
30 that is licensed or subject to be licensed pursuant to this chapter
31 with regard to the transaction.

32 (a) Failure by the licensee or a person subject to be licensed
33 under this chapter, or by his or her agent or salesperson, to comply
34 with the following provisions is cause for discipline:

35 (1) The contract shall be in writing and shall include the agreed
36 contract amount in dollars and cents. The contract amount shall
37 include the entire cost of the contract, including profit, labor, and
38 materials, but excluding finance charges.

1 (2) If there is a separate finance charge between the contractor
2 and the person contracting for home improvement, the finance
3 charge shall be set out separately from the contract amount.

4 (3) If a downpayment will be charged, the downpayment may
5 not exceed one thousand dollars (\$1,000) or 10 percent of the
6 contract amount, whichever is less.

7 (4) If, in addition to a downpayment, the contract provides for
8 payments to be made prior to completion of the work, the contract
9 shall include a schedule of payments in dollars and cents
10 specifically referencing the amount of work or services to be
11 performed and any materials and equipment to be supplied.

12 (5) Except for a downpayment, the contractor may neither
13 request nor accept payment that exceeds the value of the work
14 performed or material delivered.

15 (6) Upon any payment by the person contracting for home
16 improvement, and prior to any further payment being made, the
17 contractor shall, if requested, obtain and furnish to the person a
18 full and unconditional release from any potential lien claimant
19 claim or mechanics lien authorized pursuant to Sections 8400 and
20 8404 of the Civil Code for any portion of the work for which
21 payment has been made. The person contracting for home
22 improvement may withhold all further payments until these releases
23 are furnished.

24 (7) If the contract provides for a payment of a salesperson's
25 commission out of the contract price, that payment shall be made
26 on a pro rata basis in proportion to the schedule of payments made
27 to the contractor by the disbursing party in accordance with
28 paragraph (4).

29 (8) A contractor furnishing a performance and payment bond,
30 lien and completion bond, or a bond equivalent or joint control
31 approved by the registrar covering full performance and payment
32 is exempt from paragraphs (3), (4), and (5), and need not include,
33 as part of the contract, the statement regarding the downpayment
34 specified in subparagraph (C) of paragraph (8) of subdivision (d)
35 of Section 7159, the details and statement regarding progress
36 payments specified in paragraph (9) of subdivision (d) of Section
37 7159, or the Mechanics Lien Warning specified in paragraph (4)
38 of subdivision (e) of Section 7159. A contractor furnishing these
39 bonds, bond equivalents, or a joint control approved by the registrar
40 may accept payment prior to completion. If the contract provides

1 for a contractor to furnish joint control, the contractor shall not
2 have any financial or other interest in the joint control.
3 *Notwithstanding any other law, a licensee shall be licensed in this*
4 *state in an active status for not less than two years prior to*
5 *submitting an Application for Approval of Blanket Performance*
6 *and Payment Bond as provided in Section 858.2 of Title 16 of the*
7 *California Code of Regulations as it read on January 1, 2016.*

8 (b) A violation of paragraph (1), (3), or (5) of subdivision (a)
9 by a licensee or a person subject to be licensed under this chapter,
10 or by his or her agent or salesperson, is a misdemeanor punishable
11 by a fine of not less than one hundred dollars (\$100) nor more than
12 five thousand dollars (\$5,000), or by imprisonment in a county
13 jail not exceeding one year, or by both that fine and imprisonment.

14 (1) An indictment or information against a person who is not
15 licensed but who is required to be licensed under this chapter shall
16 be brought, or a criminal complaint filed, for a violation of this
17 section, in accordance with paragraph (4) of subdivision (d) of
18 Section 802 of the Penal Code, within four years from the date of
19 the contract or, if the contract is not reduced to writing, from the
20 date the buyer makes the first payment to the contractor.

21 (2) An indictment or information against a person who is
22 licensed under this chapter shall be brought, or a criminal complaint
23 filed, for a violation of this section, in accordance with paragraph
24 (2) of subdivision (d) of Section 802 of the Penal Code, within
25 two years from the date of the contract or, if the contract is not
26 reduced to writing, from the date the buyer makes the first payment
27 to the contractor.

28 (3) The limitations on actions in this subdivision shall not apply
29 to any administrative action filed against a licensed contractor.

30 (c) Any person who violates this section as part of a plan or
31 scheme to defraud an owner or tenant of a residential or
32 nonresidential structure, including a mobilehome or manufactured
33 home, in connection with the offer or performance of repairs to
34 the structure for damage caused by a natural disaster, shall be
35 ordered by the court to make full restitution to the victim based
36 on the person's ability to pay, as defined in subdivision (e) of
37 Section 1203.1b of the Penal Code. In addition to full restitution,
38 and imprisonment authorized by this section, the court may impose
39 a fine of not less than five hundred dollars (\$500) nor more than
40 twenty-five thousand dollars (\$25,000), based upon the defendant's

1 ability to pay. This subdivision applies to natural disasters for
2 which a state of emergency is proclaimed by the Governor pursuant
3 to Section 8625 of the Government Code, or for which an
4 emergency or major disaster is declared by the President of the
5 United States.

6 *SEC. 6. Section 7612.6 of the Business and Professions Code*
7 *is amended to read:*

8 7612.6. (a) Each cemetery authority shall file with the bureau
9 annually, on or before June 1, or within five months after close of
10 their fiscal year provided approval has been granted by the bureau
11 as provided for in Section 7612.7, a written report in a form
12 prescribed by the bureau setting forth the following:

13 (1) The number of square feet of grave space and the number
14 of crypts and niches sold or disposed of under endowment care by
15 specific periods as set forth in the form prescribed.

16 (2) The amount collected and deposited in both the general and
17 special endowment care funds segregated as to the amounts for
18 crypts, niches, and grave space by specific periods as set forth
19 either on the accrual or cash basis at the option of the cemetery
20 authority.

21 (3) A statement showing separately the total amount of the
22 general and special endowment care funds invested in each of the
23 investments authorized by law and the amount of cash on hand
24 not invested, which statement shall actually show the financial
25 condition of the funds.

26 (4) A statement showing separately the location, description,
27 and character of the investments in which the special endowment
28 care funds are invested. The statement shall show the valuations
29 of any securities held in the endowment care fund as valued
30 pursuant to Section 7614.7.

31 (5) A statement showing the transactions entered into between
32 the corporation or any officer, employee, or stockholder thereof
33 and the trustees of the endowment care funds with respect to those
34 endowment care funds. The statement shall show the dates,
35 amounts of the transactions, and shall contain a statement of the
36 reasons for those transactions.

37 (b) The report shall be verified by the president or vice president
38 and one other officer of the cemetery corporation. The information
39 submitted pursuant to paragraphs (2), (3), (4), and (5) of
40 subdivision (a) shall be accompanied by an annual audit-report

1 *report, prepared in accordance with generally accepted accounting*
2 *principles*, of the endowment care fund and special care fund signed
3 by a certified public accountant or public accountant. The scope
4 of the audit shall include the inspection, review, and audit of the
5 general purpose financial statements of the endowment care fund
6 and special care fund, which shall include the balance sheet, the
7 statement of revenues, expenditures, and changes in fund balance.

8 (c) If a cemetery authority files a written request prior to the
9 date the report is due, the bureau may, in its discretion, grant an
10 additional 30 days within which to file the report.

11 ~~SEC. 5.~~

12 *SEC. 7.* Section 7844 of the Business and Professions Code is
13 amended to read:

14 7844. (a) Examination for licensure shall be held at the times
15 and places within the state as the board shall determine. The scope
16 of examinations and the methods of procedure may be prescribed
17 by rule of the board.

18 (b) The board may make arrangements with a public or private
19 organization to conduct the examination. The board may contract
20 with a public or private organization for materials or services
21 related to the examination.

22 (c) The board may authorize an organization specified by the
23 board to receive directly from applicants payment of the
24 examination fees charged by that organization as payment for
25 examination materials and services.

26 ~~SEC. 6.~~

27 *SEC. 8.* Section 7887 of the Business and Professions Code is
28 amended to read:

29 7887. The amount of the fees prescribed by this chapter shall
30 be fixed by the board in accordance with the following schedule:

31 (a) The fee for filing each application for licensure as a geologist
32 or a geophysicist or certification as a specialty geologist or a
33 specialty geophysicist and for administration of the examination
34 shall be fixed at not more than two hundred fifty dollars (\$250).

35 (b) The license fee for a geologist or for a geophysicist and the
36 fee for the certification in a specialty shall be fixed at an amount
37 equal to the renewal fee in effect on the last regular renewal date
38 before the date on which the certificate is issued, except that, with
39 respect to certificates that will expire less than one year after
40 issuance, the fee shall be fixed at an amount equal to 50 percent

1 of the renewal fee in effect on the last regular renewal date before
2 the date on which the certificate is issued. The board may, by
3 appropriate regulation, provide for the waiver or refund of the
4 initial certificate fee where the certificate is issued less than 45
5 days before the date on which it will expire.

6 (c) The duplicate certificate fee shall be fixed at not more than
7 six dollars (\$6).

8 (d) The renewal fee for a geologist or for a geophysicist shall
9 be fixed at not more than four hundred dollars (\$400).

10 (e) The renewal fee for a specialty geologist or for a specialty
11 geophysicist shall be fixed at not more than one hundred dollars
12 (\$100).

13 (f) Notwithstanding Section 163.5, the delinquency fee for a
14 certificate is an amount equal to 50 percent of the renewal fee in
15 effect on the last regular renewal date.

16 (g) Each applicant for licensure as a geologist shall pay an
17 examination fee fixed at an amount equal to the actual cost to the
18 board to administer the examination described in subdivision (d)
19 of Section 7841, unless an applicant pays the examination fee
20 directly to an organization pursuant to Section 7844.

21 (h) Each applicant for licensure as a geophysicist or certification
22 as an engineering geologist or certification as a hydrogeologist
23 shall pay an examination fee fixed by the board at an amount equal
24 to the actual cost to the board for the development and maintenance
25 of the written examination, and shall not exceed one hundred
26 dollars (\$100).

27 (i) The fee for a retired license shall be fixed at not more than
28 50 percent of the fee for filing an application for licensure as a
29 geologist or a geophysicist in effect on the date of application for
30 a retired license.

31 ~~SEC. 7.~~

32 *SEC. 9.* Section 13995.1 of the Government Code is amended
33 to read:

34 13995.1. The Legislature hereby finds and declares all of the
35 following:

36 (a) Tourism is among California's biggest industries,
37 contributing over fifty-two billion dollars (\$52,000,000,000) to
38 the state economy and employing nearly 700,000 Californians in
39 1995.

1 (b) In order to retain and expand the tourism industry in
2 California, it is necessary to market travel to and within California.

3 (c) State funding, while an important component of marketing,
4 has been unable to generate sufficient funds to meet the threshold
5 levels of funding necessary to reverse recent losses of California's
6 tourism market share.

7 (d) In regard to the need for a cooperative partnership between
8 business and industry:

9 (1) It is in the state's public interest and vital to the welfare of
10 the state's economy to expand the market for, and develop,
11 California tourism through a cooperative partnership funded in
12 part by the state that will allow generic promotion and
13 communication programs.

14 (2) The mechanism established by this chapter is intended to
15 play a unique role in advancing the opportunity to expand tourism
16 in California, and it is intended to increase the opportunity for
17 tourism to the benefit of the tourism industry and the consumers
18 of the State of California.

19 (3) Programs implemented pursuant to this chapter are intended
20 to complement the marketing activities of individual competitors
21 within the tourism industry.

22 (4) While it is recognized that smaller businesses participating
23 in the tourism market often lack the resources or market power to
24 conduct these activities on their own, the programs are intended
25 to be of benefit to businesses of all sizes.

26 (5) These programs are not intended to, and they do not, impede
27 the right or ability of individual businesses to conduct activities
28 designed to increase the tourism market generally or their own
29 respective shares of the California tourism market, and nothing in
30 the mechanism established by this chapter shall prevent an
31 individual business or participant in the industry from seeking to
32 expand its market through alternative or complementary means,
33 or both.

34 (6) (A) An individual business's own advertising initiatives are
35 typically designed to increase its share of the California tourism
36 market rather than to increase or expand the overall size of that
37 market.

38 (B) In contrast, generic promotion of California as a tourism
39 destination is intended and designed to maintain or increase the
40 overall demand for California tourism and to maintain or increase

1 the size of that market, often by utilizing promotional methods
2 and techniques that individual businesses typically are unable, or
3 have no incentive, to employ.

4 (7) This chapter creates a mechanism to fund generic promotions
5 that, pursuant to the required supervision and oversight of the
6 director as specified in this chapter, further specific state
7 governmental goals, as established by the Legislature, and result
8 in a promotion program that produces nonideological and
9 commercial communication that bears the characteristics of, and
10 is entitled to all the privileges and protections of, government
11 speech.

12 (8) The programs implemented pursuant to this chapter shall
13 be carried out in an effective and coordinated manner that is
14 designed to strengthen the tourism industry and the state's economy
15 as a whole.

16 (9) Independent evaluation of the effectiveness of the programs
17 will assist the Legislature in ensuring that the objectives of the
18 programs as set out in this section are met.

19 (e) An industry-approved assessment provides a private-sector
20 financing mechanism that, in partnership with state funding, will
21 provide the amount of marketing necessary to increase tourism
22 marketing expenditures by California.

23 (f) The goal of the assessments is to assess the least amount per
24 business, in the least intrusive manner, spread across the greatest
25 practical number of tourism industry segments.

26 (g) The California Travel and Tourism Commission shall target
27 an amount determined to be sufficient to market effectively travel
28 and tourism to and within the state.

29 (h) In the course of developing its written marketing plan
30 pursuant to Section 13995.45, the California Travel and Tourism
31 Commission shall, to the maximum extent feasible, do both of the
32 following:

33 (1) Seek advice and recommendations from all segments of
34 California's travel and tourism industry and from all geographic
35 regions of the state.

36 (2) Harmonize, as appropriate, its marketing plan with the travel
37 and tourism marketing activities and objectives of the various
38 industry segments and geographic regions.

39 (i) The California Travel and Tourism Commission's marketing
40 budget shall be spent principally to bring travelers and tourists into

- 1 the state. No more than 15 percent of the commission's assessed
- 2 funds in any year shall be spent to promote travel within California,
- 3 unless approved by at least two-thirds of the commissioners.

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AGENDA ITEM C-2

Review, Discussion and Possible Action
to Initiate Rulemaking to Make Technical or
Other Changes Without Regulatory Effect
("Section 100") to Title 16, California Code of
Regulations (16 CCR) Sections 816, 817, 832,
832.16, 832.62, 834, 864, 865, 867, 868, 869,
869.1, 869.5, 869.9, and 870.





CONTRACTORS STATE LICENSE BOARD

TITLE 16, CALIFORNIA CODE OF REGULATIONS

California Code of Regulations (CCR) Title 16, Division 8

CCR Title 1, Section 100 Changes

SUMMARY OF PROPOSED CHANGES

A Section 100 change does not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of the regulatory section it proposes to amend. It is considered a change without regulatory effect. Examples of this type of change include (1) renumbering, reordering, or relocating a regulatory provision; (2) deleting a regulatory provision for which all statutory or constitutional authority has been repealed; or (3) revising structure, syntax, cross-reference, grammar, or punctuation. A Section 100 change does not need to go through the full, formal regulatory process to take effect.

Article 2. Application for License

§816. Application Form for Original License

Amend Title 16, CCR section 816 by deleting subsection (a) due to the 2016 repeal of Business and Professions (B&P) Code section 7067.5 that related to the financial solvency requirement (\$2,500 in operating capital) for applicants for licensure. Renumber the remaining subsections.

§817. Operating Capital Defined

Repeal Section 817 due to the 2016 repeal of B&P Code section 7067.5, as noted above.

Article 3. Classifications

§832. Specialty Contractors Classified

Amend Section 832 to accurately reflect the current titles of the “C” specialty contractor classifications as contained in T16 CCR sections 832.02 – 832.61. Mistakenly, these titles were not updated at the time of the original title changes.

**§832.16. Fire Protection Contractor**

Amend Section 832.16 with a minor punctuation change to make “Fire” protection lower case for consistency with the language contained in the other specialty classification regulations.

§832.62. Solar System Work Within Scope of Class A, Class B, and Class C-61 (Swimming Pool Maintenance)

On September 22, 1978, CSLB first adopted amendments to Title 16 of the California Administrative Code (now called the CCR) at section 754.16, which created the Supplemental Solar Classification SC-44 license. In 1983, that classification was repealed and replaced by the current C-46 Solar Contractor specialty license (T16 CCR section 832.46).

This proposal would amend Section 832.62 by deleting outdated language in subsection (c) that expired one year after the implementation of the C-46 Solar classification, which took place more than 30 years ago. It would also update the C-61 limited specialty classification title and the title of the regulation.

Article 7. Special Provisions**§864. Continuance of License under Section 7068.2**

B&P Code section 7068.2 refers to disassociation of responsible managing members and managers, not just employees and officers. The current regulation does not include all of the disassociation categories of a limited liability company (LLC) and needs to be updated to include all categories.

This proposal would amend Section 864 by adding the titles of two additional types of qualifying individuals who may disassociate from an LLC – responsible managing members and responsible managing managers. Licensure of LLCs began in 2012.

§865. Continuance of License under Section 7076

Amend Section 865 with a minor punctuation change that adds a paragraph return after subsection (a)(3), since the sentence that follows regarding the Registrar’s approval relates to all of subsection (a), not just subsection (a)(3).

§867. Procedure to Reactivate an Inactive License

Amend Section 867 to clarify the applicable full renewal fee and to remove the referenced subsection of B&P Code section 7137, which is no longer accurate because subsections within the statute have been renumbered.

**§869. Criteria for Rehabilitation**

Amend Section 869 to reflect amendments to B&P Code section 480 that became effective in 2015 under AB 2396 (Stats. 2014, Ch. 737) by adding two additional sections of the Penal Code under which an applicant's conviction(s) may have been expunged – Sections 1203.4a and 1203.41.

§869.1. Applicant Defined

Amend Section 869.1 to clarify that subsection (c) relates to the registration of home improvement "salespersons," which are the only registrations issued by CSLB.

§869.5. Inquiry into Criminal Convictions

Amend Section 869.5 to be consistent with the general provisions of B&P Code section 480 and the specific language of CCR section 868 regarding convictions that are "substantially related to the qualifications, functions, and duties of a licensee."

§869.9. Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure

Amend Section 869.9 to reflect amendments to B&P Code section 480 that became effective in 2015 under AB 2396 (Stats. 2014, Ch. 737) by adding two additional sections of the Penal Code under which an applicant's conviction(s) may have been expunged – Sections 1203.4a and 1203.41.

§870. Factors to Apply When Determining Earliest Date a Revoked Licensee May Apply for Licensure

Amend Section 870 with a minor punctuation change to capitalize the first word of subsection (b).

CONTRACTORS STATE LICENSE BOARD
ORIGINALLY PROPOSED LANGUAGE

California Code of Regulations (CCR)
Title 16, Division 8

CCR Title 1, Section 100 Changes

Article 2. Application for License

Amend Section 816 as follows:

§816. Application Form for Original License

(a) The license application form prescribed by the Registrar shall seek from each member of the personnel of the applicant the following information:

~~(1) All information required by Section 7067.5 of the Code.~~

(1²) A record of the previous experience in the field of construction of the member of applicant's personnel who will qualify for the classification requested.

(2³) Whether the applicant or a member of applicant's personnel or whether to his or her knowledge anyone with whom he/she has been associated in the contracting field has ever been licensed or had a professional or vocational license refused or revoked.

(b) The application shall be signed, under penalty of perjury, by each member of the personnel of the applicant.

(c) Nothing in this Rule shall be interpreted to limit the Registrar's authority to require an applicant to provide any other information necessary to determine the applicant's qualifications, or to exempt the applicant therefrom, or to enforce the provisions of the Contractors License Law, except as otherwise required by law. The Registrar may exempt applicants who are eligible for waiver of examination, pursuant to Section 7065.1 of the Code, or who are not required to take the examination, pursuant to Section 7065 of the Code, from the requirement to submit information described in subsection (a)(2).

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7066, 7067.5, 7067.6 and 7070, Business and Professions Code.

Repeal Section 817 as follows:

~~§817. Operating Capital Defined~~

~~(a) For purposes of Section 7067.5 of the Code, the term “operating capital” means the difference between current assets and current liabilities as defined in subsections (b) and (c), respectively.~~

~~(b) For accounting purposes, “current assets” means cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business. Thus, the term comprehends in general such resources as~~

~~(1) cash available for current operations and items which are the equivalent of cash;~~

~~(2) inventories of merchandise, raw materials, goods in process, finished goods, operating supplies, and ordinary maintenance material and parts;~~

~~(3) trade accounts, notes, and acceptances receivable;~~

~~(4) receivables from officers, employees, affiliates, and others, if collectible in the ordinary course of business within a year;~~

~~(5) installment or deferred accounts and notes receivable if they conform generally to normal trade practices and terms within the business;~~

~~(6) marketable securities representing the investment of cash available for current operations; and~~

~~(7) prepaid expenses such as insurance, interest, rents, taxes, unused royalties, current paid advertising service not yet received, and operating supplies. Prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during the operating cycle.~~

~~(c) For accounting purposes, current liabilities include those obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. As a balance-sheet category, the classification is intended to include obligations for items which have~~

~~entered into the operating cycle, such as payables incurred in the acquisition of materials and supplies to be used in the production of goods or in providing services to be offered for sale; collections received in advance of the delivery of goods or performance of services; and debts which arise from operations directly related to the operating cycle, such as accruals for wages, salaries, commissions, rentals, royalties, and income and other taxes. Other liabilities whose regular and ordinary liquidation is expected to occur within a relatively short period of time, usually twelve months, are also intended for inclusion, such as short-term debts arising from the acquisition of capital assets, serial maturities of long-term obligations, amounts required to be expended within one year under sinking fund provisions, and agency obligations arising from the collection or acceptance of cash or other assets for the account of third persons.~~

~~Note: Authority cited: Section 7008, Business and Professions Code. Reference: Section 7067.5, Business and Professions Code.~~

Article 3. Classifications

Amend Section 832 as follows:

§832. Specialty Contractors Classified

Specialty contractors shall perform their trade using the art, experience, science and skill necessary to satisfactorily organize, administer, construct and complete projects under their classification, in accordance with the standards of their trade.

They are classified into the following subclassifications:

Asbestos Abatement	C-22
Boiler, Hot Water Heating and Steam Fitting	C-4
Building Moving and Demolition	C-21
Cabinet and Mill Work and Finish Carpentry	C-6
Carpentry	C-5

Ceramic and Mosaic Tile	C-54
Concrete	C--8
Construction Zone Traffic Control	C-31
Drywall	C--9
Earthwork and Paving	C-12
Electrical (general)-	C-10
Electrical Sign-	C-45
Elevator Installation-	C-11
Fencing	C-13
Fire Protection	C-16
Flooring and Floor Covering	C-15
Framing and Rough Carpentry	C-5
General Manufactured Housing	C-47
Glazing	C-17
Insulation and Acoustical	C--2
Landscaping	C-27
Lathing and Plastering	C- 26 35
Limited Specialty	C-61
Lock and Security Equipment	C-28
Low Voltage Systems	C--7
Masonry	C-29

Metal Roofing-	C-14
Ornamental Metal	C-23
Painting and Decorating	C-33
Parking and Highway Improvement	C-32
Pipeline	C-34
Plastering-	C-35
Plumbing	C-36
Refrigeration	C-38
Roofing	C-39
Sanitation System	C-42
Sheet Metal	C-43
<u>Sign</u>	<u>C-45</u>
Solar	C-46
Steel, Reinforcing	C-50
Steel, Structural	C-51
Swimming Pool	C-53
Tile (Ceramic and Mosaic)-	C-54
Warm-Air Heating, Ventilating and Air Conditioning	C-20
Water Conditioning	C-55
Welding	C-60
Well Drilling (Water)	C-57

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code.

Reference: Sections 7058 and 7059, Business and Professions Code.

Amend Section 832.16 as follows:

§832.16. Fire Protection Contractor

A ~~f~~Fire protection contractor lays out, fabricates and installs all types of fire protection systems; including all the equipment associated with these systems, excluding electrical alarm systems.

Note: Authority cited: Section 7008 and 7059 of the Business and Professions Code.

Reference: Sections 7058 and 7059, Business and Professions Code.

Amend Section 832.62 as follows:

§832.62. Solar Energy and Heating Systems Work Within Scope of Class A, Class B, and Class C-61 (~~Swimming Pool and Spa~~ Maintenance)

(a) The phrase “in connection with fixed works requiring specialized engineering knowledge and skill” in Section 7056 of the Business and Professions Code shall include but not be limited to an active solar energy system.

(b) An active solar energy system constitutes use of more than two unrelated building trades or crafts within the meaning of Section 7057 of the Business and Professions Code.

(c) ~~C-61 (Swimming Pool Maintenance Contractors) currently holding the SC-44 supplemental solar classification may continue to perform solar work authorized by Class SC-44 until one year after the implementation of the C-46 Solar Classification. Thereafter,~~ Limited Specialty classification C-61 (~~Swimming Pool and Spa~~ Maintenance) is authorized to repair active solar heating systems for swimming pools.

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code.

Reference: Sections 7056, 7057 and 7058, Business and Professions Code.

Article 7. Special Provisions

Amend Section 864 as follows:

§864. Continuance of License under Section 7068.2

When a notice of disassociation of the responsible managing officer, ~~or~~ responsible managing employee, responsible managing member, or responsible managing manager is given within the time and in the manner prescribed by Section 7068.2 of the code, the license shall remain in force for a period of 90 days from the date of such disassociation.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Section 7068.2, Business and Professions Code.

Amend Section 865 as follows:

§865. Continuance of License under Section 7076

(a) An application for the continuation of a business under an existing license may be submitted to the Registrar within 90 days of:

- (1) the death of a person licensed as an individual,
- (2) the death or the disassociation of a partner of a licensed partnership, or
- (3) the death of an individual member or the disassociation of any entity of a licensed joint venture.

If the application is approved by the Registrar, the license shall remain in force for a period of up to one year from the date of death or disassociation.

(b) The Registrar may approve an extension to the one-year provision outlined in subsection (a) if additional time is necessary to complete projects contracted for or commenced before the disassociation or death.

(c) A license so extended is subject to all the provisions of the Contractors License Law including those relating to renewal and bond requirements.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Section 7076, Business and Professions Code.

Amend Section 867 as follows:

§867. Procedure to Reactivate an Inactive License

(a) A reactivation of an inactive license shall be effective on the date on which an acceptable form is received by the Registrar, on the date on which the full renewal fee for an active license provided for in Section 7137~~(d)~~ of the Code is paid, or on the date, if any, requested by the licensee, whichever last occurs.

(b) When an inactive license is reactivated, the Registrar shall issue to the licensee an active pocket license.

(c) The name, address, license number and classification of the reactivated licensee shall be posted publicly as prescribed by the Registrar.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Section 7076.5, Business and Professions Code.

Amend Section 869 as follows:

§869. Criteria for Rehabilitation

(a) When considering the denial, suspension, or revocation of a license pursuant to Division 1.5 (commencing with Section 475) of the code, the Board in evaluating the applicant's or licensee's rehabilitation and present eligibility for a license will consider the following criteria:

(1) Subject to the provisions of subsection (a)(2), an applicant or licensee may be determined to be rehabilitated if he or she meets the following criteria:

(A) For felony convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

(B) For misdemeanor convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

(C) For acts that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of commission of the act(s), without the occurrence of criminal activity or additional substantially-related acts.

(2) The amount of time needed to demonstrate rehabilitation under subsection (a)(1) may be increased or decreased by taking into account the following:

(A) The nature and severity of the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(B) Evidence of any crime(s) or act(s) committed subsequent to the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation, which also could be considered as grounds for denial, suspension, or revocation.

(C) The time that has elapsed since commission of the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(D) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or licensee.

(E) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the time of commission of the act(s).

(F) Documents or testimony from credible individuals who have personal knowledge of the applicant's or licensee's life and activities subsequent to the time of commission of the crime(s) or act(s) who can attest to the applicant's or licensee's present fitness for licensure.

(G) If applicable, evidence of expungement proceedings pursuant to Section 1203.4, [1203.4a, or 1203.41](#) of the Penal Code.

(H) Other relevant evidence, if any, of rehabilitation submitted by the applicant or licensee. For example, relevant evidence may include evidence of recovery from drug and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion program if the crime(s) or act(s) related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s) or act(s) demonstrated the applicant's or licensee's inability to control one's temper.

(b) When considering a petition for reinstatement of the license of a contractor, the Board shall evaluate evidence of rehabilitation submitted by the petitioner, considering those criteria specified in subsection (a).

Note: Authority cited: Sections 482 and 7008, Business and Professions Code.

Reference: Sections 480, 482, 490, 496, 7066, 7069, 7073, 7123 and 7124, Business and Professions Code.

Amend Section 869.1 as follows:

§869.1. Applicant Defined

(a) All applicants for licensure shall furnish a full set of fingerprints for purposes of the board conducting a criminal history record check. The fingerprints will be used to allow the California Department of Justice and the Federal Bureau of Investigation to provide criminal history to the Board.

(b) For purposes of fingerprinting, “applicant” means any individual applying to be a member of the personnel of record.

(c) For purposes of fingerprinting, “applicant” means an individual applying for a home improvement [salesperson](#) registration.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7069 and 7153.1, Business and Professions Code.

Amend Section 869.5 as follows:

§869.5. Inquiry into Criminal Convictions

The Board may conduct an inquiry into the circumstances surrounding the commission of a crime in order to fix the degree of discipline or to determine if the crime is substantially related to the qualifications, functions, and duties of ~~an applicant or~~ licensee by requiring the applicant or licensee to provide documents including, but not limited to, certified court documents, certified court orders or sentencing documents.

Note: Authority cited: Sections 480, 481 and 7008, Business and Professions Code.

Reference: Sections 480, 481, 493, 7066, 7069 and 7073, Business and Professions Code.

Amend Section 869.9 as follows:

§869.9. Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure

(a) For an applicant who is denied licensure pursuant to subdivision (a) of Section 480 of the Business and Professions Code, the date of reapplication shall be set by the registrar at not less than one year nor more than five years after the denial. When computing the date for reapplication, the time shall commence from the effective date of the decision if an appeal is made or from the service of the notice under Section 485(b) if a request for hearing is not made. The registrar will consider the following criteria when setting the reapplication date of an individual who was denied a license:

(1) For felony convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

(2) For misdemeanor convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

- (3) For acts that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of commission of the act(s), without the occurrence of criminal activity or additional substantially-related acts.
- (4) The nature and severity of the crime(s) or act(s) that were the grounds for denial.
- (5) Evidence of any crime(s) or act(s) committed subsequent to the crime(s) or act(s) that were the grounds for denial, which also could be considered as grounds for denial.
- (6) The time that has elapsed since commission of the crime(s) or act(s) that were the grounds for denial.
- (7) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant.
- (8) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the time of commission of the act(s).
- (9) Documents or testimony from credible individuals who have personal knowledge of the applicant's life and activities subsequent to the time of commission of the crime(s) or act(s) who can attest to the applicant's present fitness for licensure.
- (10) If applicable, evidence of expungement proceedings pursuant to Section 1203.4, [1203.4a, or 1203.41](#) of the Penal Code.
- (11) Other relevant evidence, if any, of eligibility for reapplication submitted by the applicant. For example, relevant evidence may include evidence of recovery from drug and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion program if the crime(s) or act(s) related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s) or act(s) demonstrated the applicant's or licensee's inability to control one's temper.
- (b) Nothing in this section shall preclude the registrar from denying the license of an applicant who was previously denied a license and who is eligible for reapplication in accordance with this section.

Note: Authority cited: Sections 482, 7008 and 7073, Business and Professions Code.
Reference: Sections 480, 482, 486, 496, 7066, 7069, 7073 and 7124, Business and Professions Code.

Amend Section 870 as follows:

§870. Factors to Apply When Determining Earliest Date a Revoked Licensee May Apply for Licensure

(a) The Registrar shall have exclusive authority in setting the earliest date a revoked licensee may reapply for reissuance or reinstatement of a license.

(b) When extending the minimum one year period, the Registrar shall give due consideration to the gravity of the violation, the history of previous violations and criminal convictions, and evaluate the application based on the following criteria:

Reapplication Dates:	
5 years	License has been revoked:
	(1) one or more times or
	(2) for committing fraudulent acts or
	(3) committing acts which have seriously
	endangered the public welfare and safety or
	(4) for being convicted of a construction-related
	crime. (For the purposes of determining if a
	crime is construction-related, CCR Title 16,
	Chapter 8, Section 868 shall apply.)
4 years	License has been revoked:
	(1) for committing violations on multiple
	construction projects; or
	(2) for committing multiple violations of law for
	reasons other than fraud, danger to the public

	welfare and safety and for conviction of a
	construction-related crime.
3 years	License has been revoked and revoked licensee:
	(1) has been issued more than one citation which
	has become final within one year immediately
	preceding the date of revocation or
	(2) has been previously suspended by the Register
	as the result of a disciplinary action.
2 years	License has been revoked and revoked licensee has been
	issued a citation, which has become final within one year
	immediately preceding the date of revocation.
1 year	Licensee has been revoked for the first time and revoked
	licensee has no previous legal action history with the
	Board.

Note: Authority cited: Sections 7008 and 7059, Business and Professions Code.

Reference: Sections 7058 and 7059, Business and Professions Code.

AGENDA ITEM C-3

2016–18 Strategic Plan Update





CONTRACTORS STATE LICENSE BOARD


STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

LEGISLATIVE OBJECTIVES	TARGET	DESCRIPTION	STATUS
3.1 Present Draft Proposal to Reorganize Contractors' State License Law (I)	December 2016	Closely examine and reorganize current law to create a more logical flow and be more user-friendly; cleaning up and clarifying language as needed	Under review by staff – postpone target date to March 2017
3.2 Research Increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services (I)	March 2017	In conjunction with Enforcement division, examine appropriateness of existing penalties in statute and regulation and if there is a need for changes	Will review with Enforcement during development of 2017 legislative proposals
3.3 Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria (E)	January 2018	In conjunction with Licensing division, clarify the accepted verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license	Plan to initiate rulemaking in January 2018, will convene a working group with Licensing division staff later this year
3.4 Further Define Examination Waiver Criteria (I)	January 2018	In conjunction with Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possible including methods to prevent fraudulent submissions (see Licensing & Testing Objective 3.	Researching statutory and regulatory authority in relation to waivers; will bring to the Legislative Committee in 2017
3.5 Research Alternative Fee Structures (B)	January 2018	In conjunction with Enforcement division, conduct cost/benefit analyses of Enforcement activities and Enforcement-based fees, including citations; consider need for statutory and/or regulatory revisions	Will review with Enforcement during development of 2017 legislative proposals
3.6 Review Home Improvement Contract Provisions (I)	June 2018	Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159	In process, will present any recommended changes with 2017 legislative proposals

 CSLB		STRATEGIC PLAN – 2016-18 OBJECTIVES	
(E) “Essential”	(I) “Important”	(B) “Beneficial”	
3.7 Increase Fees (E)	July 2018	Increase statutory authority and limits; follow-up with regulations for future increases within statutory limits	Possible implementation on July 1, 2017
3.8 Track and Update Board on Any Legislation Seeking to Modify Business and Professions Code section 7031 (B)	Ongoing	Keep Board members and interested stakeholders updated on potential changes to code section relating to court actions for recovery of compensation in relation to unlicensed contractors	AB 1793 was signed by the Governor; no other pending legislation on this subject

AGENDA ITEM D

Public Affairs



AGENDA ITEM D-1

Public Affairs Program Update

- a. Video/Digital Services
- b. Media Relations Highlights
- c. Industry, Licensee and Community Outreach Highlights
- d. Employee Relations
- e. Outreach and Intranet Site (CSLBin)





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam StopperSM and Consumer Scam StopperSM seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and website and employee intranet content, including webcasts and video.

STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant. All positions are currently filled, with the addition of Claire Goldstene as the office's new Information Officer II, effective August 8, 2016.

ONLINE HIGHLIGHTS

CSLB Website Statistics

Month	Sessions	Users	Pageviews	Pages / Session	Ave. Session Duration	Bounce Rate	% New Sessions
August 2015	664,431	273,010	4,767,302	7.18	6:05	20.43%	22.84%
September	652,660	269,935	4,634,008	7.10	5:59	20.57%	22.96%
October	681,498	280,255	4,847,312	7.11	6:01	20.54%	23.04%
November	582,005	247,350	4,687,603	8.05	6:03	20.73%	23.35%
December	570,452	237,484	3,950,059	6.92	5:57	21.21%	22.90%
January 2016	654,662	269,875	4,615,718	7.05	6:02	20.35%	23.43%
February	672,362	276,742	4,652,017	6.92	5:55	20.73%	22.83%
March	734,731	294,308	5,031,414	6.85	5:56	20.97%	22.54%
April	694,979	288,071	4,711,573	6.78	5:46	21.39%	23.99%
May	701,317	311,272	4,790,258	6.83	5:50	21.48%	31.66%
June	713,305	312,912	4,881,141	6.84	5:52	21.42%	31.32%
July	665,958	299,745	4,506,949	6.77	5:47	21.96%	31.92%
12-Month Ave.	665,697	280,080	4,672,946	7.02	5.56	20.99%	25.32%

**Types of Devices – By Percentage**

	<i>All Users</i>			<i>New Users Only</i>		
Month	Desktop	Mobile	Tablet	Desktop	Mobile	Tablet
August 2015	76.32%	19.30%	4.30%	68.52%	25.62%	5.86%
September	76.83%	18.92%	4.25%	68.87%	25.29%	5.84%
October	76.90%	18.95%	4.14%	67.64%	26.35%	6.02%
November	76.36%	19.51%	4.13%	67.00%	27.05%	5.96%
December	76.47%	19.59%	3.94%	65.82%	28.32%	5.87%
January 2016	75.76%	20.07%	4.17%	64.74%	28.93%	6.32%
February	75.63%	20.38%	3.99%	64.32%	29.50%	6.18%
March	75.77%	20.45%	3.78%	64.33%	29.82%	5.85%
April	75.04%	21.13%	3.83%	64.30%	30.00%	5.69%
May	74.98%	21.23%	3.80%	65.47%	28.88%	5.64%
June	75.32%	21.11%	3.57%	66.09%	28.46%	5.45%
July	74.16%	21.98%	3.87%	64.88%	29.37%	5.75%
12 Month Ave.	75.77%	20.26%	3.97%	65.92%	28.24%	5.84%

The Most Viewed Pages on CSLB Website (May 1, 2016 – July 31, 2016)
(Does Not Include Instant License Check or Online Services Pages)

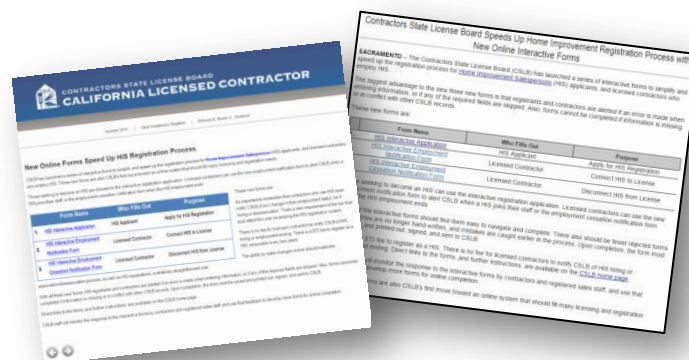
	PAGE TITLE	PAGE VIEWS	LINK
1.	Home Page	1,118,433	www.cslb.ca.gov
2.	Forms and Applications	147,778	www.cslb.ca.gov/about_us/library/forms_and_applications.aspx
3.	Licensing Classifications -	77,527	www.cslb.ca.gov/about_us/library/licensing_classifications/
4.	Conditional and Unconditional Waiver and Release Forms	62,418	www.cslb.ca.gov/consumers/legal_issues_for_consumers/mechanics_lien/conditional_and_unconditional_waiver_release_form.aspx
5.	Applicants	54,792	www.cslb.ca.gov/contractors/applicants/
6.	Contact CSLB	54,185	www.cslb.ca.gov/about_us/contact_cslb.aspx
7.	“B” Licensing Classification	47,683	www.cslb.ca.gov/about_us/library/licensing_classifications/b_-_general_building_contractor.aspx
8.	Apply for a Contractor License	47,433	www.cslb.ca.gov/contractors/applicants/contractors_license/
9.	Contractors Overview	43,604	www.cslb.ca.gov/contractors/contractors.aspx
10.	Maintain and Change Your License	43,246	www.cslb.ca.gov/contractors/maintain_license/
11.	Apply for a Contractors License - Exam Required	39,675	www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/
12.	Filing a Construction Complaint	35,346	www.cslb.ca.gov/consumers/filing_a_complaint/
13.	Before Applying For Exam	34,830	www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/before_applying_for_license.aspx
14.	Guides and Publications	34,222	www.cslb.ca.gov/about_us/library/guides_and_publications/
15.	Consumers	25,648	www.cslb.ca.gov/consumers/consumers.aspx
16.	Examination Study Guides	21,969	www.cslb.ca.gov/contractors/applicants/examination_study_guides/
17.	Hire a Licensed Contractor	18,489	www.cslb.ca.gov/consumers/hire_a_contractor/
18.	Frequently Asked Questions	17,906	www.cslb.ca.gov/about_us/faqs/
19.	New Mechanics Lien Release Forms Available on CSLB Website	16,075	www.cslb.ca.gov/media_room/industry_bulletins/2012/july_11.aspx
20.	Renew Your License	15,700	www.cslb.ca.gov/contractors/maintain_license/renew_license/
21.	“A” Licensing Classification	15,142	www.cslb.ca.gov/about_us/library/licensing_classifications/a_-_general_engineering_contractor.aspx
22.	About CSLB	14,859	www.cslb.ca.gov/about_us/
23.	Laws and Regulations	14,818	www.cslb.ca.gov/about_us/library/laws/
24.	“C-10” Licensing Classification	14,293	www.cslb.ca.gov/about_us/library/licensing_classifications/c-10_-_electrical.aspx
25.	Frequently Asked Questions About Journey-level Experience	12,004	www.cslb.ca.gov/contractors/journeymen/journeymen_faq.aspx
26.	“C-27” Licensing Classification	11,912	www.cslb.ca.gov/about_us/library/licensing_classifications/c-27_-_landscaping.aspx
27.	Tips for Calling CSLB's Licensing Information Center	11,679	www.cslb.ca.gov/about_us/licensing_contact_tips.aspx
28.	Qualifying Experience for the Examination	10,997	www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/experience_for_exam.aspx
29.	Check Application Status	10,489	www.cslb.ca.gov/contractors/applicants/contractors_license/waiver_application/check_application_status.aspx
30.	Step 1: General Renewal Information	10,356	www.cslb.ca.gov/contractors/maintain_license/renew_license/general_renewal_information.aspx

31.	"Completing a Contractor License Application" Video	10,289	www.cslb.ca.gov/contractors/applicants/applicant_video.aspx
32.	Reporting Unlicensed Activity	10,223	www.cslb.ca.gov/consumers/report_unlicensed_activity/
33.	2016 Licenses Revoked	10,214	www.cslb.ca.gov/about_us/library/revoked/2016.aspx
34.	List of All CSLB Fees	10,173	www.cslb.ca.gov/about_us/library/fees.aspx
35.	How the Complaint Process Works	9,873	www.cslb.ca.gov/consumers/filing_a_complaint/how_the_complaint_process_works.aspx
36.	Applying for the Contractors Examination	9,482	www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/applying_for_license.aspx
37.	FTP File list alternative	9,324	www.cslb.ca.gov/consumers/data.aspx
38.	"C-33" Licensing Classification	9,265	www.cslb.ca.gov/about_us/library/licensing_classifications/c-33_-_painting_and_decorating.aspx
39.	Understanding Mechanics Liens	8,907	www.cslb.ca.gov/consumers/legal_issues_for_consumers/mechanics_lien/
40.	Change Your Business Name or Address	8,516	www.cslb.ca.gov/contractors/maintain_license/change_name_or_address.aspx

New Website Feature

New HIS Application

Public Affairs Office staff worked with the Licensing and Information Technology teams to assist in the promotion of CSLB's new interactive Home Improvement Salesperson (HIS) Forms.



New Interactive Home Improvement Salesperson (HIS) Forms

HIS Interactive Application

HIS Interactive Employment Notification Form

HIS Interactive Employment Cessation Notification Form

VIDEO/DIGITAL SERVICES

Live Webcasts

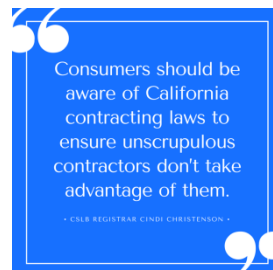
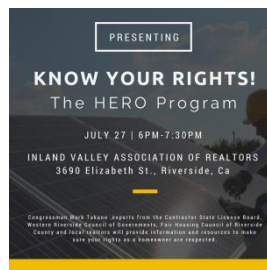
- *Meetings*

A live webcast was provided for the quarterly Board meeting held in Garden Grove on June 23-24, 2016.



Social Media

CSLB continues to use a variety of infographics to post information and engage with our audience on our social media pages. Below are examples of infographics recently posted on Facebook, Twitter, and LinkedIn:



The use of infographics has increased our social media engagement by 67.5% in comparison to posts without graphics.

The following chart details the growth of CSLB's social media channels:

Date	Facebook	Twitter	YouTube	Periscope	Linkedin	Instagram
Nov. 2010	86	50	2	-	-	-
Nov. 2011	731	638	20	-	-	-
Nov. 2012	1,139	1,040	282	-	-	-
Nov. 2013	1,457	1,349	343	-	-	-
Nov. 2014	1,796	1,622	352	-	-	-
Nov. 2015	2,228	1,824	434	10	14	-
Aug. 18, 2016	2,789	2,048	560	61	53	11

Instagram

CSLB now has an official Instagram page. Instagram is an online mobile application that enables its users to take photos and videos and share them publicly or privately with followers. The first image was posted to Instagram on August 3, 2016. As the significance of images on the Internet grows in conjunction with the use of smartphones, CSLB continues to expand our use of social media platforms and communicate with our audience in as many ways as possible.



Facebook Growth

As of August 18, 2016, CSLB had 2,789 "reactions" on its Facebook page, an increase of 270 since the June quarterly Board meeting.

- 68 percent of those who "react" to CSLB postings are male, 30 percent are female.
- 57 percent of CSLB's Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
 - Simi Valley Sting Press Release - 5.2k reach

08/16/2016
3:29 pm



Thirteen individuals were cited for suspected illegal contracting

- Sand, Soberanes, and Erskine Wildfire Disaster Declaration - 4.5k reach

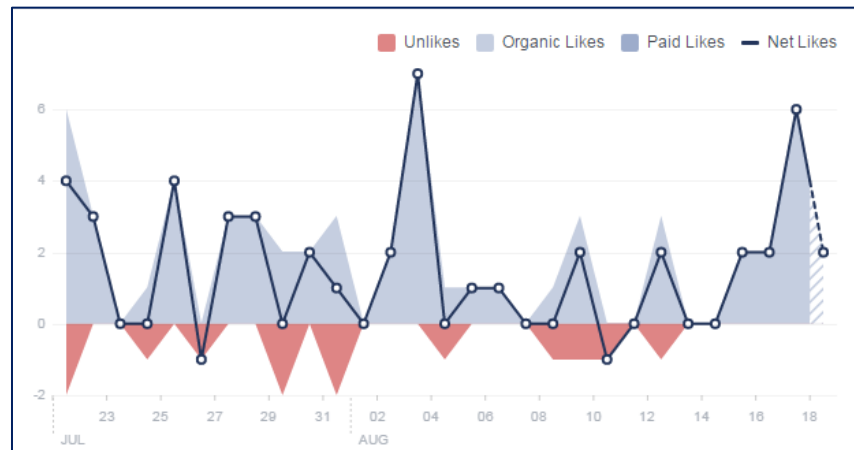
07/29/2016
11:41 am



Disaster Declarations have been declared in communities affected



The following chart shows the net growth per day for CSLB's Facebook page since the end of July 2016. The blue line represents individuals who have "liked" CSLB, and the red areas represent individuals who have "liked" CSLB at one point, but subsequently "un-liked" CSLB.



Twitter Growth

Between May 23, 2016 and August 18, 2016, CSLB gained 50 followers on Twitter, growing from 1,998 to 2,048.

- 67 percent of our followers are male, 33 percent are female. The percentage of male followers has decreased by 5 percent since the last Board meeting.
- Tweets receive an average of 20.4k impressions (views) per month.
- Top tweets:

Statewide Heat Advisory – 1,359 impressions



CA Contractors Board @CSLB
Cal/OSHA Issues Statewide High Heat Advisory as Temperatures Soar
<http://www.dir.ca.gov/DIRNews/2016/2016-61.pdf> ... pic.twitter.com/htyulU1RHZ

Military Veterans Application Assistance – 792 impressions



CA Contractors Board @CSLB
Click the following link for more info on CSLB's Military Vet Application Assistance Program
<http://www.csLB.ca.gov/Contractors/Applicants/Military/> ... pic.twitter.com/jKAsZ8CW9i



Periscope Growth

CSLB is currently using Periscope to stream live videos before Board meetings and during outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast.

Rick Lopes, PAO Chief, recently broadcast a video from the Erskine Fire disaster area in Kern County giving consumers tips for rebuilding and avoiding contractor scams.



Rick Lopes during Periscope broadcast on July 1, 2016.

YouTube Growth

CSLB’s YouTube channel received 4,158 views between July 20, 2016 and April 18, 2016, an average of 149 visitors per day. Viewers watched a combined total of 11,396 minutes of video. As of August 18, 2016, 555 viewers subscribed to CSLB’s YouTube channel.

- CSLB has a total of 364,113 views since the page was created in 2009.
- 83 percent of CSLB YouTube viewers are male, 17 percent are female. The percentage of male followers has decreased by 1 percent since the last Board meeting.
- 56 percent of viewers find CSLB videos through “suggested videos” on YouTube, 9.8 percent from YouTube search, 11 percent from external links, and 23 percent use other methods.
- The Completing a Contractor License Application- Certification of Work Experience video is currently the most popular with 18,299 views.

Flickr Growth

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of August 18, 2016, CSLB has 225 photos available for download on Flickr.

LinkedIn Growth

PAO is actively posting current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase



exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

Email Alert Feature

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

On May 16, 2016, a new category was added:

- CSLB Job Openings

The total subscriber database currently stands at 25,938, which includes 405 new accounts since the Board's June meeting.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,371 active email addresses, which brings the combined email database to 104,309 addresses.

Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Job Openings
May 2010	185	187	103	277	-
May 2011	2,390	1,531	3,141	2,361	-
May 2012	4,387	2,879	5,212	4,015	-
May 2013	5,089	3,341	5,975	4,660	-
May 2014	6,027	4,017	6,947	5,538	-
May 2015	6,459	4,273	7,293	5,852	-
May 2016	6,866	4,479	7,575	6,096	17
August 1, 2016	7,121	4,576	7,724	6,270	126

DISASTER RESPONSE

Post-Wildfire Outreach

PAO plays a central role in providing outreach to California consumers who become victims of a natural disaster. In addition to elements highlighted in other sections of this report, PAO utilizes the following tools to reach out to victims:

- Online "Disaster Help Center"
- "Rebuilding After a Natural Disaster"



- Video Version Available on CSLB's YouTube Channel
- Video and Audio Versions Available on CSLB Website
- Video Version Available to Local TV Stations / Cable Access Channels
- Audio Version Available to Local Radio Stations
- Public Service Announcements
- Warning Signs for Businesses to Print and Post on Storefronts
- Outreach to Building Departments
- Outreach to Local Legislators

PAO has also developed Disaster Outreach Kit Tubs that have been placed at a number of field offices. These kits contain all the materials needed to staff a Local Assistance Center. This includes tablecloth, signage, table top holders, and educational materials from CSLB and other partner agencies, including:

- California Architects Board
- Board for Professional Engineers, Land Surveyors, and Geologists
- California Department of Insurance

MEDIA RELATIONS HIGHLIGHTS

Media Calls

Between June 1, 2016 and August 29, 2016, PAO staff responded to 22 media inquiries. PAO provided interviews to a variety of online, newspaper, radio, magazine, and television outlets. PAO also coordinated an interview request from California Asphalt Magazine with Registrar Cindi Christenson.

The following chart breaks down the media calls by month:

Date	# of Media Inquiries
August 2015	20
September 2015	18
October 2015	27
November 2015	12
December 2015	14
January 2016	7
February 2016	7
March 2016	9
April 2016	19
May 2016	11
June 2016	3
July 2016	10
Through August 29, 2016	9



Media Events

PAO coordinated a media event in Kern County on July 1, 2016 to publicize educational/enforcement efforts in the wake of the Erskine Fire near Lake Isabella. PAO accompanied media and investigators from CSLB and the California Department of Insurance through fire-ravaged areas, speaking with fire victims, warning them that unlicensed or unscrupulous contractors may try to victimize them, and looking for any signs of unlicensed contracting. Staff also posted signs warning that anyone found contracting without a license in a declared disaster area could face felony charges.



News Releases

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between June 1, 2016 and August 26, 2016, PAO distributed nine news releases.

Release Date	Bulletin Title
June 16, 2016	Illegal Contractors Crossed the Line In South Lake Tahoe Sting
June 20, 2016	CSLB Sting Goes After Illegal Contracting in SoCal High Desert
June 27, 2016	Eureka! CSLB Cites Unlicensed Contractors on North Coast
July 1, 2016	CSLB, Other Agencies Reach Out to Erskine Fire Victims
July 7, 2016	CSLB Takes On Unlicensed Contractors in Tulare County
July 19, 2016	CSLB Shuts Down Illegal Operators During Sting in Monterey
August 3, 2016	Contractor License, Insurance Law Ignored in CSLB Kern Sting
August 16, 2016	CSLB Puts a Stop to Illegal Contractors in Simi Valley
August 22, 2016	CSLB Demo Project: Unlicensed Contracting on Central Coast



INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS

California Licensed Contractor Newsletter

PAO released the summer 2016 *California Licensed Contractor* quarterly newsletter online in late August. The publication is targeted to CSLB's nearly 300,000 licensees. To save considerable mailing and printing costs, each edition is now distributed online.

Industry Bulletins

PAO alerts industry members to important and interesting news by distributing Industry Bulletins. Bulletins are sent out via email on an as-needed basis to more than 7,100 people and interested parties. Distribution includes those who signed up to receive the bulletins through CSLB's Email Alert System. Between June 1, 2016 and August 26, 2016, PAO distributed six industry bulletins.

Release Date	Bulletin Title
June 1, 2016	Contractor Comment Invited at Meeting to Draft Rules for Recycled Water Systems
June 2, 2016	Public Works Contractors, Don't Let State-Required Payroll Records Lapse
June 21, 2016	CSLB Needs Properties to Stage Stings Around State Against Unlicensed Contracting
June 28, 2016	Contractors State License Board Elects New Officers
July 6, 2016	Contractors State License Board Speeds Up Home Improvement Registration Process with New Online Interactive Forms
August 17, 2016	Contractors Invited to Comment on Proposals for New Recycled Water Systems Standards

PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS

CSLB publications update (print and online):

Completed

- Asbestos: A Contractor's Guide and Open Book Exam
- Description of Classifications

In Production

- 10 Tips Cards (English/Spanish)
- Mandatory Arbitration Program Guide
- Voluntary Arbitration Program Guide
- New Consumer Guide





- A Homeowner's Guide to Preventing Mechanics Liens
- Tips for Hiring a Roofing Contractor
- Choosing the Right Landscaper
- What is a Stop Order?

In Development

- New Contractor Guide
- Building Official Information Guide
- New outreach pull-up banners

COMMUNITY OUTREACH HIGHLIGHTS**Senior Scam StopperSM Seminars**

CSLB's Senior Scam StopperSM seminars have been offered throughout the state since 1999 in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors can protect themselves when hiring a contractor. Seniors are a vulnerable audience, often preyed upon by unlicensed or unscrupulous contractors.

Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

COMMUNITY OUTREACH HIGHLIGHTS:**Senior Scam StopperSM Seminars**

The following seminars have been conducted and/or scheduled from June 2016 through September 2016:

Date	Location	Legislative/Community Partner(s)
June 3, 2016	Menifee	Sen. Mike Morrell
June 9, 2016	Menifee	Riverside Co. Supv. Marion Ashley
June 10, 2016	Imperial Valley	Asm. Eduardo Garcia
June 17, 2016	Sacramento	Asm. Jim Cooper
June 20, 2016	Alameda Co.	Asm. Tony Thurmond
June 21, 2016	Perris	Riverside Co. Supv. Marion Ashley
June 23, 2016	Carpinteria	Vista de Santa Barbara Mobile Home Park
June 24, 2016 AM	West Hollywood	Asm. Richard Bloom
June 24, 2016 PM	Pacific Palisades	Sen. Ben Allen



July 8, 2016	Pomona	Asm. Freddie Rodriguez
July 12, 2016	Whittier	Asm. Ian Calderon
July 13, 2016	Lancaster	Sen. Sharon Runner
July 15, 2016 AM	Chico	Sen. Jim Nielsen/Asm. Jim Gallagher
July 15, 2016 PM	Paradise	Sen. Jim Nielsen/Asm. Jim Gallagher
July 19, 2016	Santa Clara Co.	Asm. Kansen Chu
July 21, 2016	Kettleman City	Asm. Rudy Salas
July 22, 2016	Santa Cruz Co.	Asm. Luis Alejo
July 26, 2016	Corcoran	Asm. Rudy Salas
July 27, 2016	Wasco	Asm. Rudy Salas
July 29, 2016	Victorville	Asm. Jay Obernolte
August 2, 2016	Nevada City	Rep. Doug LaMalfa
August 5, 2016	San Marino	Sen. Carol Liu/Asm. Ed Chau
August 9, 2016	Pleasant Hill	Rep. Mark DeSaulnier
August 11, 2016	San Diego	Rep. Scott Peters
August 12, 2016	Los Angeles	Asm. Sebastian Ridley-Thomas
August 16, 2016	Anderson	Rep. Doug LaMalfa
August 18, 2016	Yucaipa	Asm. Jim Frazier
September 1, 2016 AM	Perris	Riverside Co. Supv. Kevin Jeffries
September 1, 2016 PM	Whittier	Rep. Linda Sanchez
September 2, 2016	Ontario	Asm. Freddie Rodriguez
September 8, 2016	Westminster	Orange Co. Supv. Andrew Do
September 9, 2016	Los Angeles	Sen. Isadore Hall/Asm. Mike Gipson
September 12, 2016	Bakersfield	Asm. Rudy Salas
September 13, 2016	Delano	Asm. Rudy Salas
September 16, 2016	San Bruno	Asm. Kevin Mullin
September 20, 2016	Yountville	Asm. Bill Dodd
September 21, 2016	Brentwood	Asm. Jim Frazier
September 22, 2016	Norco	Sen. Richard Roth
September 23, 2016 AM	Riverside	Sen. Richard Roth
September 27, 2016	Jurupa Valley	Sen. Richard Roth
September 28, 2016	San Diego	Rep. Scott Peters
September 29, 2016	Los Angeles	Asm. Jimmy Gomez
September 30, 2016	Los Angeles	Asm. Anthony Rendon



From June 2016 through August 2016, CSLB staff spoke to the following organizations/events and conducted Consumer Scam StopperSM seminars:

Date	Location	Organization/Event
June 8, 2016	Riverside	Riverside County Office on Aging
June 8, 2016	Ontario	Consumer Scam Stopper California Retired Teachers Assn.
June 9-10, 2016	San Jose	8-1-1 Event
June 16, 2016	Claremont	LA Co. Dept. of Consumer & Business Affairs Smarter Senior Forum
June 22, 2016	Alhambra	LA Co. Dept. of Consumer & Business Affairs Smarter Senior Forum
June 27, 2016	Riverside	Rep. Mark Takano – HERO Program
June 29, 2016	Indian Wells	Riverside County 2016 Elder Abuse Symposium
July 10, 2016	Alhambra	City of Alhambra 710 Event
July 15-17, 2016	Fresno	Fresno Home Show
August 5, 2016	San Mateo	Asm. Kevin Mullin's Resource Fair
August 19-21, 2016	Anaheim	Anaheim Home & Garden Show
August 21, 2016	Orange	Rep. Loretta Sanchez' Natl. Senior Citizens Day Resource Fair
August 24, 2016	Santa Rosa	Meet & Greet – local legislators
August 26, 2016	Fremont	California Municipal Revenue & Tax Assn.
August 31, 2016	Los Angeles	Mexican Consulate Labor Rights Week event
September 7, 2016	Citrus Heights	Multicultural Business Expo
September 18, 2016	South Pasadena	South Pasadena PD Open House
September 21, 2016	Patterson	Sen. Anthony Cannella Senior Resource Fair
September 26, 2016	Pala	Pala Indian Reservation

Licensing Workshop at Consulate General of Mexico in Los Angeles

On August 31, 2016, PAO coordinated CSLB's participation in a Spanish-language licensing workshop hosted by the Consulate General of Mexico in Los Angeles. Two Enforcement division staff presented an overview of CSLB's licensing requirements and answered questions from the audience. Board Member Pastor Herrera was also in attendance and offered opening remarks to the nearly 150 attendees. The workshop was recorded by a videographer from the Department of Consumer Affairs. The success of the gathering prompted requests from attendees for similar workshops in other parts of the Los Angeles area.



EMPLOYEE RELATIONS

Intranet (CSLBin)

CSLBin, the employee-only intranet site, launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site also is kept current with the latest forms, policies, reports, and other information used by CSLB staff around the state.



Recent articles include CSLB staff participation in Local Assistance Centers to aid wildfire victims; the Application Exams Unit shaving processing times; and an inside look at CSLB's Cashiers Unit.

AGENDA ITEM D-2

2016–18 Strategic Plan Update





CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

PUBLIC AFFAIRS OBJECTIVES	TARGET	DESCRIPTION	STATUS
4.1 Complete Flagship Consumer Publication (E)	September 2016	Update of <i>What You Should Know Before You Hire a Licensed Contractor</i> booklet	Delayed pending hiring of new supervisor; currently in final review; new target: January 2017
4.2 Complete Flagship Contractor Publication (E)	November 2016	Creation of new publication targeted toward journeymen, applicants, and licensees	Delayed pending hiring of new supervisor; copy is currently being developed; new target: March 2017
4.3 Update Communications Plan for 2017-2020 (E)	December 2016	Formal guideline that provides overview of Public Affairs objectives, goals, audiences, tools, and timetables to reach those audiences, and plans to evaluate results	On-Target Will be presented to Public Affairs Committee, with final vote by full Board in December
4.4 Develop Solar Outreach Material (I)	March 2017	In conjunction with Enforcement and Information Technology divisions, create portal on CSLB website to link consumers to most reliable solar-related information, supplemented by newly	On-Target Currently developing links and other information
4.5 Develop Orientation Videos for New Staff/Board Members (I)	December 2017	Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB (See Administrative Objective 5)	Not started yet
4.6 Develop Schedule for Opt-In, “Find a Contractor” Website Feature (E)	June 2018	Web-based feature that enables consumers to get a list of available licensed contractors in specific license classifications for specific geographic locations (May be affected by Assembly Bill 2486)	Not started yet AB 2486 was enrolled on August 22, 2016
4.7 Expand Consumer Scam Stopper Outreach Program (B)	June 2018	Look for opportunities to expand CSLB’s face-to-face outreach to groups other than seniors	Currently Developing Possible Options

AGENDA ITEM E

Licensing



AGENDA ITEM E-1

Licensing Program Update

- a. Processing Statistics
- b. Workers' Compensation Recertification Statistics
- c. Fingerprinting/Criminal Background Unit Statistics
- d. Experience Verification Statistics
- e. Licensing Information Center Statistics
- f. Judgments Statistics





CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

LICENSE DIVISION WORKLOAD

In fiscal year 2015-16, the Licensing Division received a combined total of 39,972 applications. During that time, 19,551 applications were processed and licenses issued, 8,470 applications were processed and voided, and 11,951 applications remain pending.

The charts below provide the total number of incoming applications received by the Application Units each month, quarter and fiscal year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Received Per Month

	Jul 2015	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr	May	Jun	Jul 2016
Original Exam	923	1,037	884	1,014	953	873	936	1,220	1,299	1,272	1,225	1,079	1,077
Original Waiver	670	651	574	620	613	618	678	871	826	752	809	688	541
Add Class	326	367	310	344	265	295	282	368	370	431	361	349	290
Qualifier Replacer	181	173	207	209	195	214	157	238	223	230	208	163	173
Home Improvement	1,151	1,180	996	1,204	1,120	1,104	924	1,142	958	1,047	802	793	818
Received Per Month	3,251	3,408	2,971	3,391	3,146	3,104	2,977	3,839	3,676	3,732	3,405	3,072	2,899
Received Quarterly	1 st		9,630	2 nd		9,641	3 rd		10,492	4 th		10,209	

Total Applications Received – Prior Fiscal Years

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Original Exam	10,542	10,005	10,185	11,098	12,715
Original Waiver	7,124	6,791	7,719	7,858	8,370
Add Class	4,609	4,158	3,854	3,880	4,068
Qualifier Replacer	2,191	2,295	2,259	2,279	2,398
Home Improvement	6,279	7,525	9,522	12,557	12,421
Total Received	30,745	30,774	33,539	29,814	39,972



The charts below provide the total number of applications processed by the Application Units each month and fiscal year. This information is obtained from CSLB's internal Teale database.

Total Number of Applications Processed Per Month

	Jul 2015	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr	May	Jun	Jul 2016
Original Exam	841	1,212	635	1,146	664	858	474	1,122	1,078	954	1,593	2,045	1,627
Original Waiver	762	814	758	750	404	529	806	659	649	671	778	956	806
Add Class	366	450	443	343	260	244	325	335	411	320	323	329	308
Qualifier Replacer	242	235	159	211	210	239	224	212	272	229	223	276	239
Home Improvement	894	658	624	533	580	596	499	614	587	733	564	555	350
Total Per Month	3,105	3,369	2,619	2,983	2,118	2,466	2,328	2,942	2,997	2,907	3,481	4,161	3,330

Total Applications Processed – Prior Fiscal Years

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Original Exam	9,883	8,304	12,563	16,571	12,622
Original Waiver	6,603	7,714	8,487	9,595	8,536
Add Class	4,620	4,227	4,378	4,134	4,149
Qualifier Replacer	2,168	2,216	2,334	2,544	2,732
Home Improvement	3,725	4,018	3,990	6,880	7,437
Total Processed	26,999	26,479	31,752	39,724	35,476

Applications are “processed” whenever any of the following actions occur:

- Application review is completed; application is accepted or “posted” and examination(s) are scheduled.
- Application review is completed; Bond and Fee Notification Letter requesting issuance requirement(s) sent.
- Application review is completed; all issuance requirements met and license issued.
- Member of the application personnel is flagged by the Enforcement division; application is referred to Case Management.
- Application is referred to Judgment Unit; application personnel are matched with an outstanding liability, judgment, or payment of claim on an existing license.
- Application is referred to Family Support Unit; member of application personnel is out of compliance with child or family support judgment or order.

**Disposition of Applications by Fiscal Year**

Fiscal Year	Number of Apps Received	Processed & Issued	Void	Pending
2015-16	39,972	19,551	8,470	11,951*

The Application Disposition chart shown above illustrates the number of applications received in the last fiscal year and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacer, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention. This information is obtained from CSLB's internal Teale database.

*Among the reasons an application may be classified as pending includes:

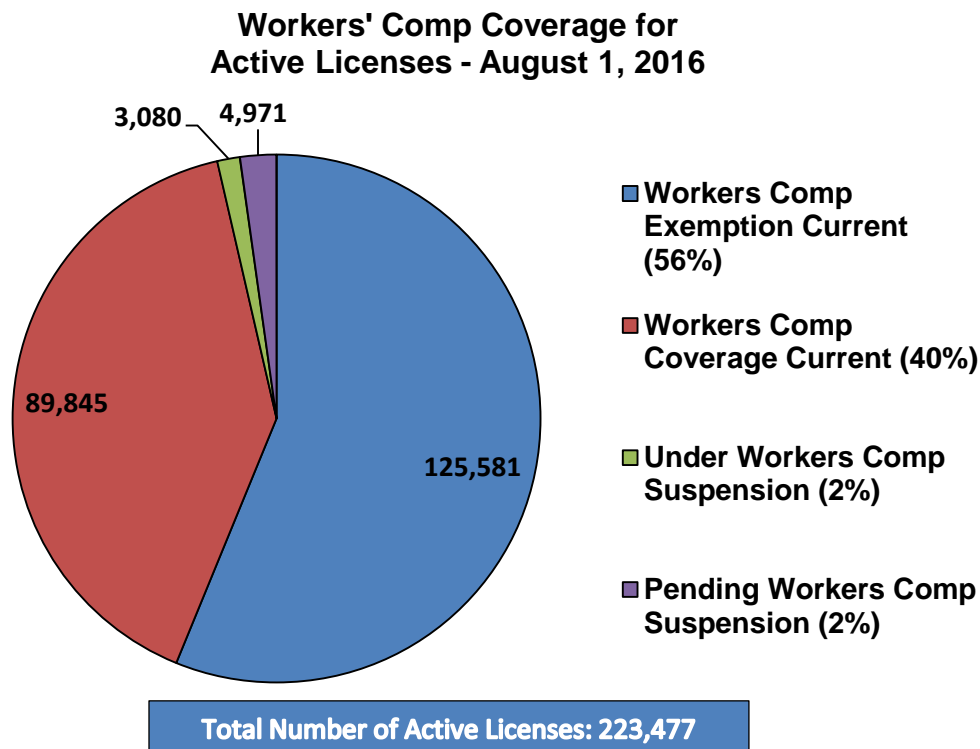
- The applicant does not pass the exam, but is still within the 18-month window during which he or she must pass the examination.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB's Criminal Background Unit.
- The applicants has not submitted final issuance requirements (proof of bond, workers' compensation insurance, asbestos open book examination results or fees).



WORKERS' COMPENSATION RECERTIFICATION

Business and Professions Code §7125.5 (Assembly Bill 397) took effect on January 1, 2012. Licensing implemented the requirements of the new law in January 2013, effective for licenses expiring March 31, 2013. This law requires that, at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If, at the time of renewal, the licensee fails to recertify his or her exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

This chart provides a snapshot of workers' compensation coverage for active licenses. This information is obtained from CSLB's internal Teale database.



The chart shown on the following page provides the current workers' compensation coverage (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification. This information is obtained from CSLB's internal Teale database.



Active License Classifications Workers' Comp Status – Eff. 8-1-2016

	Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A	General Engineering	5,671	8,460	14,131	40%
B	General Building	63,392	35,620	99,012	64%
C-2	Insulation and Acoustical	301	829	1,130	27%
C-4	Boiler Hot Water	218	586	804	27%
C-5	Framing / Rough Carp	490	266	756	65%
C-6	Cabinet-Millwork	2,820	1,727	4,547	62%
C-7	Low Voltage Systems	2,132	2,551	4,683	46%
C-8	Concrete	2,533	3,215	5,748	44%
C-9	Drywall	1,284	1,648	2,932	44%
C10	Electrical	13,850	10,143	23,993	58%
C11	Elevator	44	154	198	22%
C12	Earthwork & Paving	1,016	1,240	2,256	45%
C13	Fencing	657	784	1,441	46%
C15	Flooring	3,808	3,051	6,859	56%
C16	Fire Protection	744	1,309	2,053	36%
C17	Glazing	1,091	1,579	2,670	41%
C20	HVAC	6,222	4,898	11,120	56%
C21	Building Moving Demo	486	998	1,484	33%
C22	Asbestos Abatement	0	224	224	0%
C23	Ornamental Metal	440	536	976	45%
C27	Landscaping	4,797	5,998	10,795	44%
C28	Lock & Security Equipment	166	178	344	48%
C29	Masonry	1,1214	1,346	2,460	45%
C31	Construction Zone	40	193	233	17%
C32	Parking Highway	199	285	484	41%
C33	Painting	8,852	6,195	15,047	59%
C34	Pipeline	163	315	478	34%
C35	Lath & Plaster	667	1,062	1,729	39%
C36	Plumbing	8,729	5,965	14,694	59%
C38	Refrigeration	977	849	2,803	35%
C39	Roofing	0	4,026	4,026	0%
C42	Sanitation	393	555	948	41%
C43	Sheet Metal	462	987	1,449	32%
C45	Signs	397	424	821	48%
C46	Solar	447	631	1,078	41%
C47	Gen Manufactured House	234	181	415	56%
C50	Reinforcing Steel	64	165	229	28%
C51	Structural Steel	423	939	1,362	31%
C53	Swimming Pool	1,067	1,201	2,268	47%
C54	Tile	3,563	2,489	6,052	59%
C55	Water Conditioning	131	163	294	45%
C57	Well Drilling	359	498	857	42%
C60	Welding	569	395	964	59%
C61	Limited Specialty	7,500	8,666	16,166	46%
ASB	Asbestos Cert	339	733	1,072	32%
HAZ	Hazardous Cert	589	1,246	1,835	32%



FINGERPRINTING/CRIMINAL BACKGROUND UNIT

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for instate convictions and for out-of-state and federal convictions, respectively.

From fiscal year 2005-06 through fiscal year 2010-11, CSLB received 240,907 transmittals from DOJ that included clear records and conviction information. During that time, the Criminal Background Unit (CBU) staff received CORI files for 40,608 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual. As a result, CBU denied 1,015 applications and issued 668 probationary licenses; 497 applicants appealed their denials.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for 60 or 90 days or more. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license.

Below is a breakdown of CBU statistics for the past five fiscal years as well as the current fiscal year. This information is obtained from CSLB's internal Teale database.

Criminal Background Unit Statistics							
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17*	TOTALS
DOJ Records Received	18,805	18,270	20,395	28,434	32,323	3,432	366,966
CORI RAPP Received	3,997	3,663	3,768	4,686	6,268	624	64,307
Denials	70	67	37	40	52	6	1,287
Appeals	39	36	23	21	27	1	644
Probationary Licenses Issued	146	71	76	97	72	9	1,539

*As of August 1, 2016

**EXPERIENCE VERIFICATION UNIT**

Business and Professions Code section 7068(g) and California Code of Regulations 824 requires CSLB to investigate a minimum of 3 percent of applications received to review applicants' claimed work experience.

Since implementation in September 2014, the Experience Verification Unit staff has been assigned and completed a total of 2,782 applications for experience verification.

The following chart provides a monthly breakdown of actions taken for applications referred to the Experience Verification Unit for fiscal year 2015-16.

Experience Verification Unit Statistics FY 2015-16

	Jul 2015	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr	May	Jun	FY Total
Withdrawn	12	10	12	13	11	20	16	3	8	6	2	5	118
Verified	40	26	28	21	18	25	34	24	28	26	33	34	337
Denied	24	15	18	14	10	18	13	14	15	22	26	20	209
Appealed	10	9	3	6	3	2	5	1	1	1	1	3	45

The chart on the next page provides the breakdown for appeals, denials, withdrawals, and experience verifications by classification from September 1, 2014 through July 31, 2016.



Experience Verification By Classification

Classification	Total by Class	Appealed	Withdrawn	Verified	Denied
A General Engineering	104	15	27	29	33
B General Building	780	56	174	263	287
C-2 Insulation/Acoustic	1			1	
C-4 Boiler Hot Water	2			2	
C-5 Framing/Rough Carp	5			3	2
C-6 Cabinet-Millwork	6			6	
C-7 Low Voltage	14		2	9	2
C-8 Concrete	19		3	9	7
C-9 Drywall	13	2		2	9
C-10 Electrical	93	1	10	62	20
C-12 Earthwork/Paving	10		2	4	4
C-13 Fencing	5			2	3
C-15 Flooring	17	1	1	10	5
C-16 Fire Protection	4		1	3	
C-17 Glazing	5		1	2	2
C-20 HVAC	56	5	6	26	19
C-21 Bldg.Moving/Demo	6		1	2	3
C-22 Asbestos	5		2	2	1
C-23 Ornamental Metal	2		1	1	
C-27 Landscaping	51	3	6	24	18
C-28 Lock/Security Equip	1			1	
C-29 Masonry	4		1	2	1
C-31 Construction Zone	1				1
C-32 Parking Highway	3		1	2	
C-33 Painting	35		2	26	7
C-34 Pipeline	2	1			1
C-35 Lath-Plaster	5	1		1	3
C-36 Plumbing	68	3	6	46	13
C-39 Roofing	11	1	2	4	4
C-42 Sanitation	3		2		1
C-43 Sheet Metal	1		1		
C-45 Sign	1			1	
C-46 Solar	8	1		4	3
C-47 Manufact. Housing	1			1	
C-51 Structural Steel	1			1	
C-53 Swimming Pool	10	1	2	2	5
C-54 Tile	24		6	13	5
C-57 Well Drilling	11		2	5	4
C-60 Welding	5		1	3	1
C-61 Limited Specialty	44	1	4	28	10
Total	1,437	92	267	603	475



LICENSING INFORMATION CENTER (LIC)

LIC Support Services

CSLB's Licensing Information Center is the first point of contact for applicants, consumers, licensees, and governmental agencies needing information relative to licensing laws, hiring a contractor, licensing application information, and the status of an application. The LIC receives, on average, 13,000 calls monthly. Staff that respond to calls must have knowledge of all licensing transaction processes in order to assist callers with correct and complete information.

Licensing Information Center Call Data by Month

Inbound Activity	Jul-15	Aug	Sep	Oct	Nov	Dec	Jan-16	Feb	Mar	Apr*	May	Jun	July
Calls Received	14,060	12,899	12,392	12,889	10,871	11,021	13,500	13,988	13,864	13,496	12,997	13,797	13,504
Calls Answered	13,810	12,709	12,114	12,527	10,646	10,820	13,291	13,710	13,600	12,659	12,571	13,395	13,172
Caller Abandoned	250	189	278	357	223	200	205	273	260	770	409	401	331
Longest Wait Time	04:01	03:55	05:40	04:37	05:14	07:47	03:51	04:34	04:50	11:41	07:22	02:58	04:15
Shortest Wait Time	00:07	00:12	00:15	00:21	00:07	00:06	00:12	00:15	00:16	00:41	00:44	00:12	00:24
Avg. Wait Time	04:13	04:08	04:00	04:02	04:04	04:20	04:08	04:04	04:08	04:10	04:10	04:02	03:33

Licensing Information Center Call Data - Prior Fiscal Years

Inbound Activity	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Calls Received	155,956	148,650	148,639	158,096	160,996	155,774
Calls Answered	135,932	122,507	137,027	153,417	153,316	151,852
Caller Abandoned	19,924	26,114	11,581	4,300	7,558	3,815
Longest Wait Time	16:10	22:04	15:06	04:33	09:54	05:33
Shortest Wait Time	01:23	03:32	01:15	00:19	00:31	00:17
Average Wait Time	06:00	09:49	04:49	01:48	04:35	04:07

*The longer wait times in April 2016 resulted from five staff vacancies.



JUDGMENT UNIT

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by bonding (surety) companies.

The chart on the following page provides the number of notifications mailed to licensees relating to outstanding liabilities, judgments and payment of claims affecting their license status, including the savings to the public as a result of compliance.



JUDGMENT UNIT - SAVINGS TO PUBLIC FY 2015-2016

	Jul-15	Aug	Sep	Oct	Nov	Dec	Jan-16	Feb	Mar	Apr	May	Jun	FY Total
Outstanding Liabilities (From California State Agencies)													
Initial	78	78	51	56	40	91	58	51	71	63	81	63	781
Suspend	80	91	64	38	45	48	33	84	46	44	60	55	688
Reinstate	41	52	42	44	31	33	39	52	49	42	40	39	504
Monetary Savings to Public	1,702,287	1,846,004	1,382,649	2,929,522	634,828	785,016	1,400,705	1,830,785	2,811,436	1,764,268	1,257,418	1,195,547	19,531,162
Final Judgments (From Court Actions)													
Initial	171	144	155	116	27	69	59	55	50	74	65	68	1053
Suspend	81	67	54	73	61	77	46	3	19	12	12	16	518
Reinstate	111	102	111	111	84	83	77	72	73	88	69	64	1045
Monetary Savings to Public	1,595,725	2,135,434	2,135,965	2,445,515	1,915,926	1,473,019	361,510	1,898,807	1,298,985	1,637,140	894,366	2,862,405	20,654,797
Payment of Claims (From Bonding [Surety] Companies)													
Initial	166	154	182	167	129	143	130	167	137	140	129	151	1795
Suspend	127	71	109	72	65	100	57	59	53	34	82	62	891
Reinstate	152	147	130	155	107	146	124	137	139	134	113	117	1601
Monetary Savings to Public	868,592	814,152	756,931	914,731	634,366	847,617	819,989	863,309	840,258	796,034	764,460	710,483	9,630,922
Combined Monetary Savings	4,166,070	4,795,133	4,275,070	6,289,352	9,184,921	9,105,354	2,581,966	4,581,805	4,950,487	4,197,194	2,915,852	4,768,062	49,811,266



CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks to process” for applications, license transaction, and public information unit documents received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

The time-to-process for applications and renewals includes an approximate two-day backlog that accounts for the required cashing and image-scanning tasks that must be completed before an application or document can be processed.

Average Weeks to Initial Processing By Month

	Jul 2015	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr	May	Jun	Jul 2016
Original Exam	3.5	4.1	4.5	5.5	6.5	9.0	9.0	9.0	7.1	9.0	7.3	3.5	2.5
Original Waiver	3.0	1.6	1.9	0.7	0.7	1.0	1.2	1.6	0.7	2.0	3.5	1.5	4.5
Add Class	5.2	6.1	4.5	5.0	6.5	7.5	7.0	4.0	3.1	3.0	3.1	4.0	3.0
Qualifier Replacer	5.0	4.2	4.2	4.0	5.5	3.5	3.0	3.0	3.5	3.5	5.0	5.5	1.0
Home Improvement	1.2	2.0	2.3	3.5	4.5	2.0	2.0	4.0	2.5	3.0	2.0	1.5	1.5
Renewal	0.6	2.0	1.5	2.0	3.0	1.0	2.3	1.3	0.1	2.6	2.1	2.5	2.0
Add New Officer	0.5	2.0	1.5	1.5	3.0	3.5	2.9	1.7	0.1	2.0	1.6	4.0	2.5
Address/ Name Change	0.2	1.0	1.5	2.0	3.0	2.5	1.7	1.9	0.5	2.3	2.1	4.0	2.5
Bond / Bond Exemption	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.6	0.5	0.2	0.1	0.2	0.1
Workers Comp / Exempt	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.7	1.0	0.6	1.0	0.6	1.0
Certified License History	1.1	1.8	1.5	1.4	1.5	2.5	3.5	4.5	4.7	2.0	0.7	1.2	1.2
Copies of Documents	0.0	0.0	0.8	1.5	1.9	1.7	2.0	1.8	1.9	1.1	0.9	0.6	0.5
CORI Review*	4.5	4.0	4.0	4.5	5.0	6.5	2.5	3.0	2.0	2.5	2.5	3.5	4.0

*Outside CSLB Control-DOJ/FBI timeframe

AGENDA ITEM E-2

Testing Program Update

- a. Examination Administration Unit Update
- b. Examination Development Unit Highlights





CONTRACTORS STATE LICENSE BOARD

EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division's EAU administers CSLB's 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response (IVR) messages received by CSLB that are related to testing.

Number of Examinations Scheduled Per Month - August 2015 – July 2016												
Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr	May	Jun	Jul	Total
2559	2598	2423	2381	2345	2104	2808	3566	3448	3464	3659	3804	35,159

Test Center Status

CSLB maintains test centers in the following locations:

- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

STARS (SCORE Translator and Recording Suite) has been fully deployed at all eight test centers. It replaces the translator examination system previously in use at six of CSLB's test centers so that now the Berkeley and Fresno Test Centers can also offer translator examinations.

The Norwalk Test Center remodel was completed in August 2016.

Examination Administration Unit Staffing

EAU is fully staffed.

Number of Examinations Scheduled by Test Center August 2015 – July 2016	
Test Center	Number of Examinations Scheduled
Berkeley	4150
Fresno	2030
Norwalk	8078
Oxnard	4330
Sacramento	4754
San Bernardino	5117
San Diego	3633
San Jose	3067

**EXAMINATION DEVELOPMENT UNIT (EDU)**

The Testing division's EDU ensures that CSLB's 46 examinations are written, maintained, and updated in accordance with testing standards, guidelines, and CSLB regulations.

Occupational Analysis and Examination Development Workload

Licensure examinations involve two ongoing phases: occupational analysis and examination development. This cycle must be completed every five to seven years for each of CSLB's examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportion it should be tested. The cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The result is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.

EDU released one new examination in July 2016: C-39 Roofing.

Occupational Analyses in Progress	New Examinations in Progress
C-2 Insulation and Acoustical	C-7 Low Voltage Systems
C-4 Boiler, Hot Water Heating, and Steam Fitting	C-16 Fire Protection
C-12 Earthwork and Paving	C-17 Glazing
HAZ Hazardous Substance Removal	C-27 Landscaping
	C-32 Parking and Highway Improvement
	C-33 Painting and Decorating
	C-53 Swimming Pool
	C-54 Ceramic and Mosaic Tile
	ASB Asbestos Certification
	Law and Business

Examination Development Unit Staffing

EDU has two vacancies: one Personnel Selection Consultant II and one Graduate Student Assistant.

**Ongoing Consumer Satisfaction Survey**

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division's handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process. Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey's response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

TESTING DIVISION**Civil Service Examinations**

In addition to licensure examinations, EDU develops, and EAU administers, examinations for civil service classifications used by CSLB. Three test centers administered the Consumer Services Representative examination in August 2016.

AGENDA ITEM E-3

2016–18 Strategic Plan Update





CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

LICENSING & TESTING OBJECTIVES	TARGET	DESCRIPTION	STATUS
1.1 Revise Application Package and Related Outreach Material (E)	September 2016	In conjunction with Public Affairs, update package of application materials to decrease confusion, increase compliance, and reduce the time to issue new licenses	Completed update of application materials; awaiting IT programming
1.2 Create Exam Development Presentation for Future Board Meetings (I)	September 2016	Help current and future Board members, as well as the public, better understand CSLB's computerized license testing process	Completed
1.3 Identify Specific Criteria for Examination Waiver and Application Review (B)	September 2016	In conjunction with Enforcement division, develop criteria to review waiver applications that better identifies potentially fraudulent submissions (see Legislative Objective 4)	Requires statutory change
1.4 Research and Implement Measures to Reduce Initial Application Processing Times (E)	December 2016	In connection with Objective 1, examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses	Partially completed; awaiting IT programming
1.5 Conduct Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States (I)	December 2016	Educate and inform Board members and the public about how California pass/fail rates compare with other states	Partially completed; awaiting IT programming
1.6 Develop Online Smart Application Content to Reduce Application Return for Correction Rates (E)	January 2017	In conjunction with Information Technology division, develop and implement online application to ensure applicants provide accurate and all necessary information	Partially completed
1.7 Research Handyman Exemption (B)	January 2018	Determine if current handyperson exemption should be modified, or if a new license type should be developed to better protect consumers	Not yet begun

AGENDA ITEM F

Enforcement



AGENDA ITEM F-1

Enforcement Program Update

- a. Consumer Investigation Highlights
- b. Statewide investigative Fraud Team (SWIFT) Highlights
- c. General Investigation Statistics





CONSUMER INVESTIGATION HIGHLIGHTS

INTAKE MEDIATION CENTERS

Outstanding Results from Intake Mediation Centers

Between May 2016 and July 2016, Consumer Services Representatives (CSRs) substantially surpassed the Board's goal of “moving” (i.e., closing or referring to field investigation) 30 complaints per month, with 30 percent of cases settled. During this time, CSRs moved an average of 39 complaints each, with 44 percent of licensee cases settled with restitution.

For this three-month period, restitution recovered for injured persons (savings to the public, or STP) totaled \$5,761,000, which includes a single STP of \$3,000,000 paid to a subcontractor that enlisted the Intake Mediation Center's assistance. The 2016 year-to-date STP is \$11,968,892.

Southern California CSRs Obtain Excellent Settlements

A Norwalk CSR settled a nonpayment complaint between a prime and sub-contractor. The respondent claimed there were disputes regarding the overtime billed. Although such complaints are considered civil matters, the CSR strongly encouraged the respondent and complainant to resolve the matter and thereby avoid a long and expensive legal battle. With the CSR's help, the parties agreed to a settlement amount of \$66,238, payable in monthly installments of \$5,520.

Another Norwalk CSR received a case regarding a respondent who was hired to re-tile a swimming pool and used grout for the job instead of the agreed-upon Pebble Tec[®] material. The complainant then paid another contractor \$6,000 to correct the work. After much encouragement by and discussion with the CSR, the respondent agreed to reimburse the \$6,000 the homeowner paid to correct the work.

Contractor Gives Full Refund

A homeowner entered into a \$23,000 contract for a kitchen remodel, and paid the contractor an initial deposit of \$1,000. Two weeks later, the contractor asked for a “progress payment” of \$10,000, even though no work had yet been completed. The homeowner paid the \$10,000, but became concerned when the contractor started to mention increases in the contract price. The homeowner asked to cancel the contract, but the contractor refused. The homeowner then filed a complaint with CSLB.

A Norwalk CSR contacted the contractor regarding his deficient contract, verbal change orders, and taking money ahead of work completed. After listening to the CSR describe the violations and the potential consequences, the contractor agreed to refund all money paid by the homeowner out of a “spirit of goodwill.”

**Faulty Roof Costs Contractor**

In 2015, a homeowner entered into a \$10,000 contract for a new roof. The contractor did not take proper precautions and, during the first rain storm, the roof leaked and caused water damage to the home. At the homeowner's request, the contractor came to the home on several occasions in an effort to fix the leaks and repair the water damage. When the roof leaked again, the homeowner hired another contractor to make effective repairs to the roof. The homeowner subsequently took the original contractor to court and won a judgment of almost \$8,000. However, the contractor did not pay the judgment, and the homeowner filed a complaint with CSLB. After a Sacramento CSR contacted the respondent, the contractor immediately made a \$3,000 payment on the judgment, and arranged to pay the balance due.

Consumer Services Representative's Diligence Leads to Prosecution

A Sacramento CSR settled a licensed landscaper complaint with an advisory notice and also obtained an admission that the contractor employed workers, but had an exemption from workers' compensation (WC) insurance on file. CSLB cancelled the false exemption on November 23, 2015; however, the licensee filed another exemption less than three weeks later. In June 2016, CSLB followed-up on a lead and confirmed that the licensee was again employing a worker while having a WC exemption on file and that the licensee had not reported the employee to the Employment Development Department as required. CSLB has issued a citation to the licensee for filing a false WC exemption, failing to obtain insurance, and failure to report an employee within 20 days. A criminal case is being filed in Solano County.

INVESTIGATION CENTERS**Former CSLB "Most Wanted" Pleads Guilty**

A CSLB peace officer investigated a San Diego area complaint that brought career offender and former CSLB "Most Wanted" contractor Ronald Holland to justice. Holland is unlicensed and, since 1997, has been the subject of 16 complaints to CSLB. He has been criminally prosecuted 14 times, received two citations, and been placed on probation five times since 2000. More recently, Holland signed a \$133,690 contract to completely landscape an Encinitas homeowner's front yard. Holland claimed to be a supervisor for a licensed contractor, and provided the homeowner with the unsuspecting licensee's number. After verifying the license on CSLB's website, the homeowner paid Holland \$11,500 for plans, permits, and a down payment. Holland never obtained any permits, and began work. Two months later, after the homeowner had paid Holland \$53,084 on the project, a city official visited the construction site and informed the homeowner that no permits had been issued for the work. The homeowner contacted Holland, who promised to take care of the problem. Instead, Holland disappeared from sight, after which the homeowner contacted CSLB.



Based on CSLB's investigation, the San Diego District Attorney charged Holland with five criminal counts and issued an arrest warrant. In November 2015, Holland was arrested in, and extradited from, his new home in Austin, Texas (where he was again contracting without a license). On February 3, 2016, Holland pled guilty to felony diversion of construction funds, obtaining money by false pretenses, and failure to pay workers' compensation insurance. He agreed to pay \$101,000 in restitution to the victim and serve probation, and will face up to four years in prison if he does not comply.

Disgorgement and Jail Time for Revoked Contractor

Through a mutual acquaintance, a Gilroy homeowner was introduced to a Watsonville concrete contractor whose license was revoked in 2008 for failure to comply with a citation. In February 2015, the parties entered into a \$7,900 contract for the installation of a concrete patio and walkway. Unaware of the contractor's bad license history, the homeowner paid him in full. The homeowner soon discovered that her sprinkler lines had been severed and that the new patio was uneven. The contractor ignored all efforts to have him return and make repairs. In April 2016, the San Francisco Investigation Center recommended a criminal filing with the Santa Clara County District Attorney. An arrest warrant was issued, and on August 18, the offender pled guilty to contracting without a license and felony grand theft. He was sentenced to 90 days in jail and ordered to return \$7,900 to the homeowner. He also was ordered to pay the additional costs of demolishing and removing his shoddy work.

San Francisco IC Follows-Up on Warrants

The senior investigator in the San Francisco IC has been following up on warrants previously issued to unscrupulous contractors who remain at large, and recently cleared three warrants. Two of the subjects were cooperative when contacted by telephone, and agreed to self-surrender. One of the two traveled from southern California the next day to turn himself in at the Santa Clara County jail. Non-licensee Kevin Wayne Phillips, however, ignored requests sent via email and text message. Phillips had been charged with contracting without a license and diversion of funds, and his current address was unknown. Using intelligence gathered from multiple sources, the Enforcement Representative (ER) learned that Phillips was living at a home in Burlingame. On August 20, 2016, the ER confirmed through surveillance that Phillips was in his home and contacted the Burlingame Police Department for warrant service. Squad cars arrived within ten minutes, and Phillips was taken into custody.

Update on Finest Homes Remodeling

A West Covina Enforcement Representative (ER) investigated a complaint against licensee Lanny Dugar of Finest Home Remodeling, Inc. in which the respondent left homeowners with dangerous, unfinished construction. The project was abandoned with cut power lines and crooked framing that forced the complainants into a hotel for a week. The original contract amount was \$145,000, but the complainants were pressured into accepting a revised contract amount of \$160,000. CSLB's investigation



determined that the cost to correct and complete Dugar's shoddy work would be \$173,874. The contractor's conduct was so egregious that the February 9, 2015, NBC evening news featured the case. The ER filed an accusation for abandonment, departure from accepted trade standards, and failure to complete contract for the contract price.

ERs from two other Southern California offices filed supplemental accusations for cases involving abandonment and poor workmanship, with a financial injury of \$36,817, employment of an unregistered salesperson, and providing false information on an application. A warrant was issued and Dugar was remanded on February 19, 2016 and released on \$10,000 bail. He has pleaded not guilty, and his case will be heard in September 2016.

Unlicensed Contractor Faces Multiple Felony Charges

When a San Francisco couple hired contractor Patrick Otsuki to renovate their two-unit residence, they believed the license number shown on his advertising and invoices was valid. Although the homeowners planned an extensive renovation, Otsuki did not prepare a written proposal and submitted confusing and misleading invoices as work progressed – often requiring payment in advance. After paying Otsuki over \$110,000 during an 18-month period, the homeowners began to question the validity of the invoices and the use of funds. They also learned that Otsuki was unlicensed, and contacted CSLB. A San Francisco IC investigator confirmed the homeowners' allegations. On May 16, 2016, The San Francisco District Attorney's office charged Otsuki with three felonies (grand theft by false pretenses, diversion of funds, and fraudulent use of a license) and two misdemeanors (contracting without a license and illegal advertising). On June 28, Otsuki was arraigned and entered a plea of not guilty. Following the arraignment, the San Francisco District Attorney issued a press release and acknowledged that Otsuki's arrest resulted from the extensive investigation conducted by CSLB, which led to a story in the *San Francisco Chronicle*.

Revoked Contractor Turns Minor Repair into Major Fraud

A Los Altos homeowner who needed two doors repaired was referred by a handyman to a contractor with a revoked license. The contractor and his girlfriend met with the homeowner in mid-March 2015, and provided a verbal estimate of \$1,200 to fix the doors. Soon after initiating the door repairs, the contractor began to point out additional items that needed repair, including roof replacement and rafter repair. The homeowner verbally agreed to the additional work and the contractor requested money for materials and labor as the work progressed, but never provided estimates or written contracts for the additional work. The contractor continued to press the homeowner for additional remodeling work, including a complete home remodel and re-landscaping with a \$750,000 price tag. The revokee offered to facilitate the financing, and persuaded the homeowner to execute a deed of trust in the girlfriend's favor to finance a \$100,000 "short-term" construction loan. By March 2016, the contractor had extracted a total of



\$192,000 from the homeowner. Finally, the revokee told the homeowner that she and her special needs son would need to move out of the house so that he and his girlfriend could “complete the work” on the property. This prompted the homeowner to contact an attorney, who advised her to file a complaint with CSLB and the Santa Clara County District Attorney. An ER from the San Francisco IC conducted the investigation and collaborated with the District Attorney’s investigator, who will be submitting the case for prosecution against the revokee and his girlfriend for contracting without a license, conspiracy, grand theft, and theft by false pretenses.

Unlicensed Contractor Swindles Elderly Couple.

An elderly couple from Suisun City unwittingly hired an unlicensed contractor to reinforce their foundation for \$2,500, believing his claim that he was licensed. During the construction, the contractor convinced the couple to agree to additional work on the home on a labor-and-materials basis. The contractor did not provide estimates or total cost figures for the additional projects, and eventually collected \$35,514 from the victims, of which \$30,200 was paid in cash for labor. The homeowners filed a complaint with CSLB, which was handled by a Special Investigations Unit (SIU) Peace Officer. During the investigation, an Industry Expert determined the approximate value of the work completed was only \$760. The suspect admitted to the investigator that he was not a licensed contractor, but denied any wrongdoing and refused to refund any money to the homeowners. The SIU Peace Officer has referred the investigation to the Solano County District Attorney’s Office for criminal prosecution, alleging contracting without a license, misrepresentation to obtain a contract, financial elder abuse, felony burglary, felony grand theft, and felony theft by false pretense.

Predatory Unlicensed Service and Repair Contractor Back in Custody

CSLB’s Service and Repair Task Force has developed a partnership with the Contra Costa and Alameda County District Attorneys’ offices to identify, investigate, and prosecute predatory contractors, an example of which is unlicensed contractor Yair Zilberman. Mr. Zilberman served more than a year in state prison for previous service and repair scams. While doing some ongoing research, a CSLB Peace Officer, who is a member of the Task Force, found a Southern California news article about Zilberman’s continued targeting of the elderly in heating and air-conditioning cons. The Peace Officer shared this information with an ER from the Sacramento South IC, who is also on the Task Force, and the ER then notified the Contra Costa District Attorney’s office. Mr. Zilberman was taken into custody, and on July 13, 2015, the judge granted the prosecutor’s request for bail of \$1 million.



STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT)

A Year of Stings

The Enforcement division has found that sting operations, conducted throughout the State, are one of the most productive and efficient proactive enforcement tools, and has recently increased its use of stings. Examples of several recent stings are described below:

- **Ventura County** – On August 10-11, 2016, Southern SWIFT joined local law enforcement for a two-day sting operation in Simi Valley. Unlicensed contractors provided bids for interior work ranging from \$1,200 to \$12,000, and investigators issued 13 criminal Notices to Appear (NTAs), two administrative citations, and two stop orders. One of the NTA recipients was on probation for receiving stolen property.
- **Kern County** – On July 27 and 28, 2016, Central SWIFT conducted an undercover operation in Bakersfield, and issued 16 NTAs for contracting without a license. One suspect was still on probation for a 2014 violation of contracting without a license.
- **Monterey** – On July 13-14, 2016, Central SWIFT conducted a sting in the Monterey area. They issued 12 NTAs for unlicensed contracting and illegal advertising, with four follow-up cases pending. During the first day of the sting one unlicensed contractor provided a bid of \$14,100 for 146 feet of fence and requested a \$7,050 down payment. The suspect was a second-time offender who was recently caught in a CSLB sting in San Benito County.
- **Visalia** – Central SWIFT conducted a successful sting operation in the Visalia area on June 29-30, 2016, which resulted in the issuance of 19 NTAs for unlicensed contracting and two NTAs for failure to secure workers' compensation insurance.
- **Humboldt County** – On June 21, 2016, investigators from Northern SWIFT and the Humboldt County District Attorney's office conducted a sting operation in the city of Eureka. Eleven of 14 scheduled contractors appeared, and 10 NTAs were issued for contracting without a license and advertising violations. The highest bid received was for \$6,700 to paint the exterior of the 1,200 square foot house. Adding to the busy activity, a realtor arrived and showed the house to some potential buyers while one of the suspect contractors was in the middle of providing a bid.
- **Hesperia** – On June 16, 2016, ERs from Southern SWIFT conducted a sting, which resulted in the issuance of eight NTAs and one non-licensee citation for advertising violations. One suspect was a repeat offender who had been issued a prior NTA by Norwalk SWIFT.

**Napa Valley Sweep Includes a Bonus**

On August 9, 2016, Northern SWIFT conducted a sweep with the Napa County District Attorney's Office. Targets for the sweep were developed through surveillance and casual observation of construction projects. Ten site visits were conducted and eight entities checked, which resulted in the issuance of two NTAs, and two non-licensee cases are pending. During the operation, the team received a lead from headquarters that an unlicensed contractor wanted to meet his nearby victim "to collect his money." The homeowner had contacted SWIFT after realizing the contractor was unlicensed. The team arranged to be present at the victim's home when the suspect arrived, and a SWIFT ER issued the subject an NTA for being unlicensed. The property owner was so impressed with the SWIFT team that he offered his house for use in a future sting operation.

Successful Sweep in Northernmost Corner of State

On August 3, 2016, two ERs from Northern SWIFT partnered with Humboldt County District Attorney investigators to execute a sweep of active construction sites in Del Norte and Humboldt Counties. The team made over two dozen site visits, and found over a third of operators out of compliance in some manner. Investigators issued four criminal NTAs for unlicensed and uninsured activity, and three administrative citations for contracting without a license. Two licensees were cited for filing false workers' compensation insurance exemptions. Information was also obtained regarding six additional violations.

Sweep in Tehama County

On June 1, 2016, Northern SWIFT ERs made a rare trip up to Tehama County and conducted a sweep in the Red Bluff area. The three SWIFT ERs visited seven construction sites and checked 10 entities. The ERs issued two Stop Orders for workers' compensation insurance violations, wrote two NTAs, and are investigating one additional violation.

Workers' Compensation Prosecution Video

The Yolo County District Attorney's Office, with which SWIFT investigators regularly partner, recently posted educational videos on their website regarding the hazards of hiring unlicensed contractors. The videos show Yolo County investigators interviewing and confronting uninsured contractors at undercover sting operations. The videos explain why workers' compensation insurance is important for homeowners and contractors and include CSLB's tips for homeowners who are hiring contractors, along with information on how to use CSLB's website. Consumers also learn how to report contractor misconduct in Yolo, Sutter, Yuba, and Colusa Counties. The videos may be viewed at: <http://yoloda.org/oyol-videos/consequences-hiring-unlicensed-uninsured-contractor/> and <http://yoloda.org/oyol-videos/beware-unlicensed-uninsured-contractor-fraud/>



DISASTER RESPONSE

Several years of drought have led to yet another devastating fire season. As of August 20, 2016, CAL FIRE, the State's wildfire response agency, has recorded 4,084 wildfires for the year – a 21 percent increase over the five-year average for that period. The number of acres scorched by wildfire is up an alarming 55 percent over the State's five-year average. Presently, there are nine major wildfires burning in California, including:

- The Clayton Fire in Lake County, where 300 structures have been destroyed;
- The Blue Cut Fire in San Bernardino County, with 321 structures lost; and
- The Chimney Fire just east of the historic Hearst Castle in San Luis Obispo County, where 52 structures have been destroyed.

Unfortunately, opportunistic criminals often appear whenever tragedy strikes, and experience shows that catastrophic wildfires are no exception. For its part, CSLB is making special efforts to prevent unlicensed contractors from further victimizing those fire zone residents trying to rebuild and recover. Enforcement division and Public Affairs staff are leading CSLB's efforts in response to wildfires burning around the State. Investigators from the Intake Mediation Centers and from the Investigation Centers have teamed with Public Affairs personnel to staff Local Assistance Centers (LACs) established in fire zones, which provide information, support, and assistance to fire victims.

In addition to staffing the LACs, CSLB staff also routinely blanket the affected areas with bilingual "Homeowners Beware" signs, which urge those choosing to rebuild to hire only licensed contractors. After the smoke clears and the rebuilding begins, CSLB follows up by dispatching SWIFT investigators to the affected areas to conduct random sweeps of active construction sites to ensure that contractors are licensed, and that licensees are complying with workers' compensation insurance requirements.



GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB Enforcement staff is 3,600. As of August 2016, the pending case load was 3,471.

To ensure timely mediation and screening of complaints, the optimal case load for Consumer Services Representatives (CSRs) is 1,500. As of August 2016, 1,342 complaints were assigned to CSRs.

To ensure timely handling of complaints that warrant formal investigation, the optimal working caseload for Enforcement Representatives (ERs) assigned to the Board's eight Investigation Centers (ICs) is 35 cases per ER. CSLB has 60 IC ERs; therefore, the eight ICs have an optimal capacity for 2,100 open complaints. As of August 2016, 2,129 cases were assigned to ERs. The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
ERs	60	10	4	35	2,100
CSRs	25	20	2	60	1,500
TOTAL					3,600

Recognizing that a licensed contractor may have made a mistake or that a good faith dispute exists regarding the contracting activity, the Board provides training to CSRs and ERs to assist them in resolving construction-related disputes. For FY 2015-16 Enforcement staff's settlement efforts have resulted in over \$13 million in restitution to financially-injured parties as depicted in the following chart:

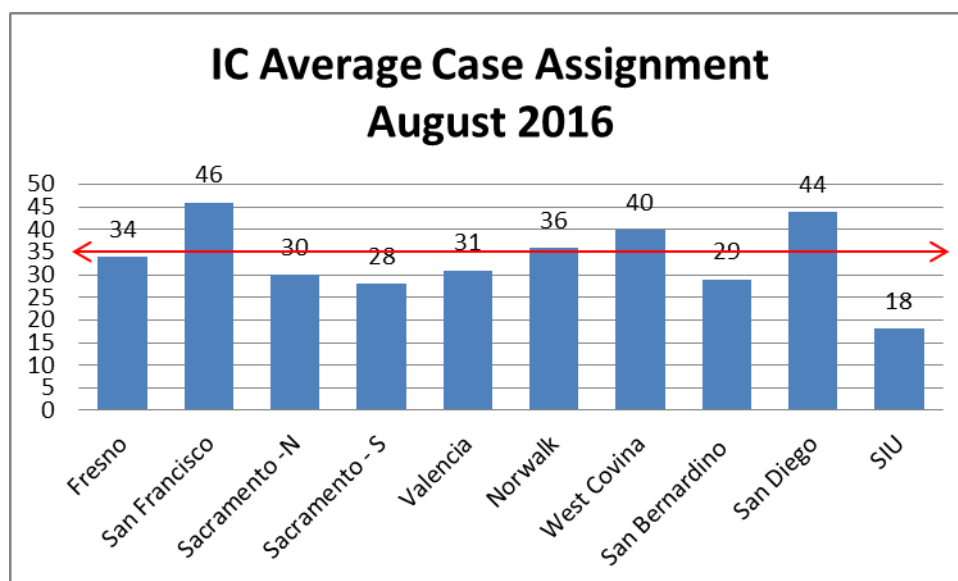
IC Financial Settlement Amount (FY 2015-16)	\$ 5,372,831.61
IMC Financial Settlement Amount (FY 2015-16)	\$ 7,902,136.23



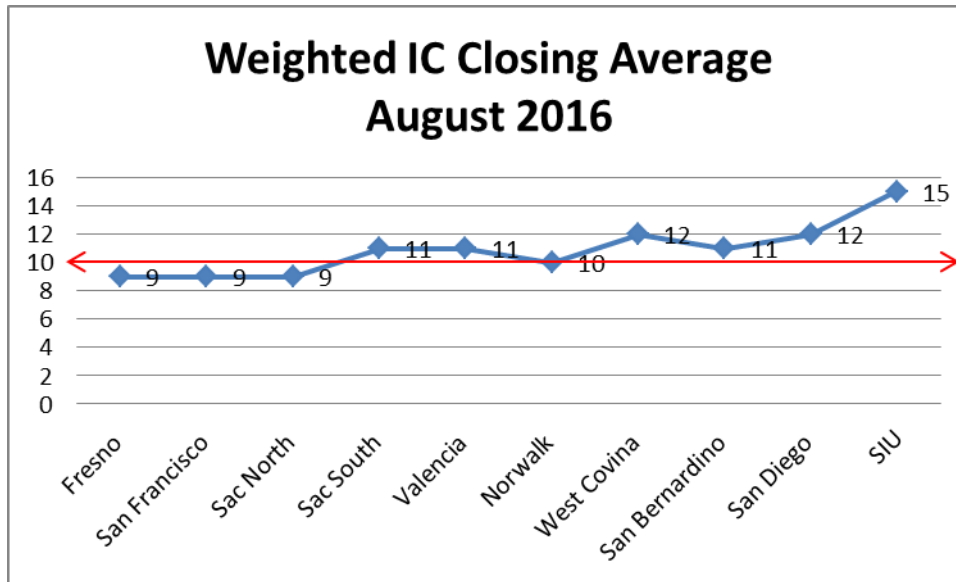
Investigation of Consumer Complaints

To ensure effective investigation of consumer complaints, the Enforcement division monitors Enforcement Representative (ER) production, pending caseloads, and investigation-closing disposition. For FY 2015-16, Investigation Center (IC) ERs have consistently achieved the Board's goal of 10 complaint closures per month, and effective case distribution among the eight ICs has resulted in a manageable, ongoing case load of approximately 35 cases per ER. Of the 2,064 legal actions during this time, 27 percent were referred to local prosecutors.

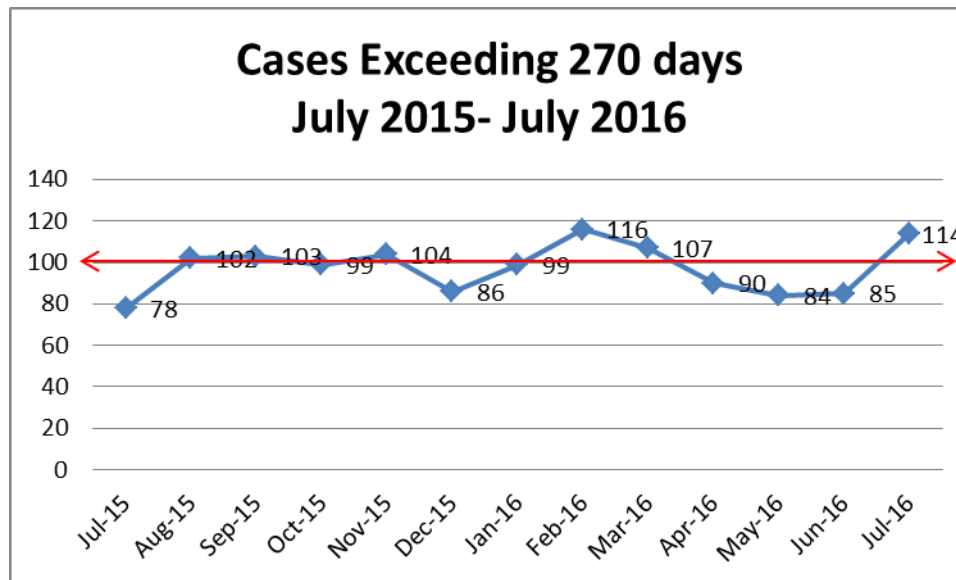
The following chart tracks open IC investigations. The goal is for each ER in the ICs to carry between 30 and 40 pending cases. At the beginning of August 2016, the statewide average was 34 cases.



The following chart tracks the Board's target of each IC ER maintaining a weighted monthly closing average of 10 cases.

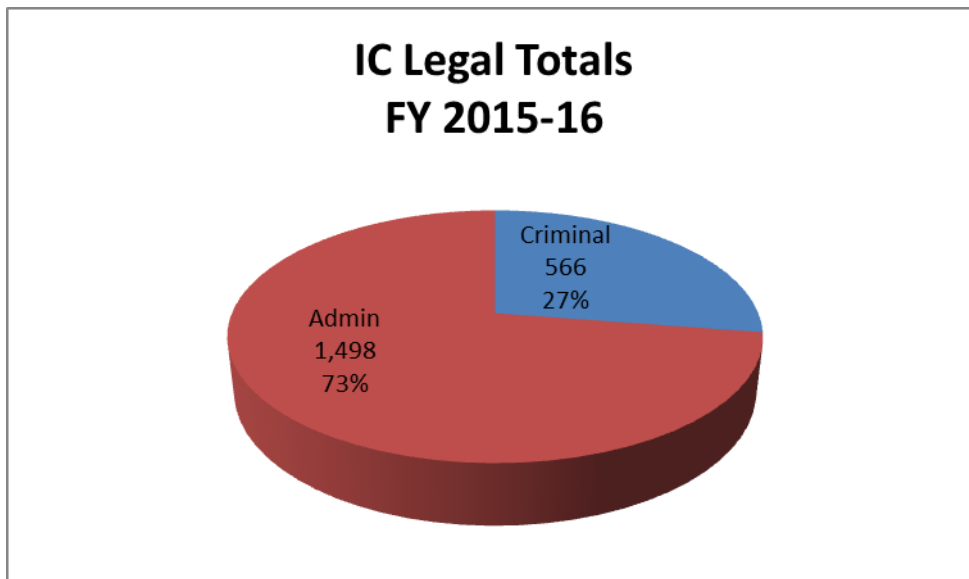


Historically, the Enforcement division has more than 3,000 consumer complaints under investigation at any given time. The Board's goal is to appropriately disposition all but 100 within 270 days of receipt. The effective management of pending complaints by division staff has resulted in consistently meeting this goal.





For FY 2015-16, the Enforcement division has referred 27 percent, or 566 legal action investigations, to district attorneys for criminal prosecution. The following chart depicts the number of completed investigations that resulted in an administrative or criminal legal action.





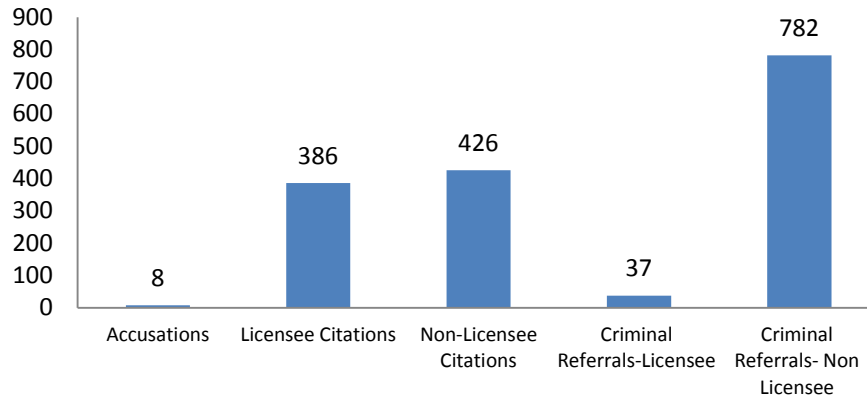
Statewide Investigative Fraud Team Statistics

CSLB's Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers' compensation insurance requirements at active jobsites and perform undercover sting operations targeting unlicensed persons. For fiscal year (FY) 2015-16, SWIFT conducted 84 sting operations in partnership with law enforcement, district attorneys, building department and code enforcement officials, and other State agencies, which resulted in the opening of 1,016 investigations, the filing of 664 legal actions, and 581 referrals to local district attorneys. SWIFT also partners with other State and local agencies in "sweep" operations to verify license, tax, insurance, and safety practices at active job sites. SWIFT conducted 203 sweep days in counties across California during FY 2015-16.

Legal Action Closures

During FY 2015-16, SWIFT closed 3,562 cases as a result of stings, sweeps and leads, of which 1,639 resulted in an administrative or criminal legal action. Below is a breakdown of legal action closures. SWIFT has referred 819 cases to local district attorneys' offices for criminal prosecution as a result of stings, leads, and sweeps.

FY 2015-16 Legal Action Closures



**Leads**

During FY 2015-16, SWIFT received over 1,600 leads from the public, other State agencies, and licensees alleging violations by unlicensed contractors and licensees. SWIFT has obtained the following results from these leads:

CATEGORY	RESULT
Non-licensee Citations	175
Licensee Citations	138
Criminal Referrals – Licensee	9
Criminal Referrals – Non-licensee	51

Citations

For FY 2015-16, SWIFT investigators issued 812 licensee and non-licensee citations, and they assessed \$746,581.00 in civil citation penalties.

Stop Orders

A Stop Order is a legal demand to cease all employee labor at a jobsite due to workers' compensation insurance violations until an appropriate workers' compensation policy is received. Failure of a contractor to comply with the Stop Order is a misdemeanor criminal offence, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both. For FY 2015-16, SWIFT issued 466 Stop Orders to licensed and unlicensed contractors for using employee labor without having a valid workers' compensation policy.

FY 2015-16 Stop Orders

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total
Stop Orders	47	50	60	25	35	31	28	32	50	25	37	46	466



CASE MANAGEMENT FY 2015-16

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	1,348	871
Citations Appealed	541	369
Citation Compliance	1,058	515
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	318	
Settled	197	
Civil Penalties Collected	\$1,640,561	
Legal Fee Savings	\$5,316,466	
ARBITRATION		
Arbitration Cases Initiated		539
Arbitration Decisions Received		431
Licenses Revoked for Non-Compliance		27
Arbitration Savings to the Public – Restitution		\$1,963,005
ACCUSATIONS/STATEMENT OF ISSUES		
Revocations by Accusation		336
Accusation Restitution Paid to Injured Persons		\$191,483
Statement of Issues (Applicants Denied)		59
Cost Recovery Received		\$262,154
Number of Cases Opened		475
Number of Accusations/Statement of Issues Filed		366
Number of Proposed Decisions Received		76
Number of Stipulations Received		76
Number of Defaults Received		139
Number of Decisions Mailed		337

AGENDA ITEM F-2

Review, Discussion and Possible Action
Regarding Strategies to Reduce the
Number of Licensees Filing a False
Exemption from Workers' Compensation
Insurance Requirement pursuant to
Business and Professions Code
Section 7125





Update — Review, Discussion and Possible Action Regarding Strategies to Reduce the Number of Licensees Filing a False Exemption from Workers' Compensation Insurance Requirements

Background

At its December 2015 meeting, the Board unanimously approved five strategies intended to address the high number of exemptions from workers' compensation insurance requirements on file for licenses issued by the Contractors State License Board (CSLB). As first discussed at the September 2015 Board meeting, 57 percent of all licensees had exemptions from workers' compensation (WC) insurance on file, including 53 percent of licensees in the six classifications most likely to require employees. (As identified in the December 2015 Board package, these six classifications are: A (General Engineering), C-8 (Concrete), C-10 (Electrical), C-20 (Warm-Air Heating, Ventilating and Air-Conditioning), C-36 (Plumbing), and C-46 (Solar)).

The five strategies approved by the Board in December 2015 were:

- Perform an analysis and conduct outreach regarding public works contractors registered with the Department of Industrial Relations (DIR)
- Prioritize consumer complaints involving workers' compensation insurance compliance
- Verify workers' compensation insurance for those licensed in specific classifications most likely to need such insurance
- Research the Construction Monitor Database for permit activities on large projects
- Pursue state agency partnerships regarding workers' compensation insurance compliance

Implementation Update

The Enforcement division began to actively pursue these strategies in early 2016. To better assess the potential success of their statewide implementation, CSLB used a "pilot program" approach in some cases. Now with several months of implementation experience, the Enforcement division can report that the success of the adopted strategies has been mixed.

Perhaps the most promising developments have involved state agency partnerships. As reported in April 2016, CSLB coordinated the formation of a task force with the Employment Development Department (EDD) and the California Department of Insurance (CDI). CSLB has also worked on enforcement efforts with the Department of Industrial Relations (DIR). These partnerships have been productive, and – as discussed below – are expected to yield some new enforcement and educational strategies.



However, the Enforcement division's licensee contact letter, which appeared in the April 6, 2016, Board package, has had limited success. Letters were sent to 143 licensees with exemptions from WC insurance on file. These sample licensees were identified as being at "higher risk" of having a false exemption via one of three data sources: a list of public works contractors obtained from DIR; the Construction Monitor database (with projects exceeding \$20,000 in value); and CSLB licensee records from the identified six "labor-likely" classifications.

Of the 143 licensees who received contact letters, only 12 either obtained workers' compensation insurance or provided evidence of a previously-obtained policy. Fifteen licensees filed a new exemption or renewed their exemption, and 112 licensees – 78 percent – did nothing at all. Although Enforcement division will continue to use the licensee contact letter in selected cases, statewide use of the contact letter does not seem worthwhile at this time.

The Enforcement division is currently compiling statistics to determine the number of consumer complaints filed against contractors with a WC exemption on file in which the complainant alleges the use of employees. For fiscal year 2015-16, CSLB's Intake and Mediation Centers cancelled 354 WC exemptions (the cancellation of the WC exemption triggers a 30-day license suspension notification letter) resulting in 133 licensees obtaining a new WC policy. To build upon the effectiveness of the WC license suspension process, training has been scheduled at the Board's eight Investigative Centers to improve internal documentation and increase license suspension of contractors that receive a consumer complaint and have a false WC exemption on file.

Next Steps

As previously mentioned, collaborating with partner state agencies is a promising strategy for increasing workers' compensation compliance. CSLB will host a special meeting of a Joint Enforcement Strike Force (JESF) subcommittee in September 2016 to explore additional enforcement and educational opportunities designed to increase compliance with workers' compensation insurance requirements. The following agencies are expected to attend the meeting: CSLB, EDD, CDI, Franchise Tax Board, Division of Occupational Safety and Health, and Division of Labor Standards Enforcement.

The following topics will be discussed at the subcommittee meeting:

- Review and evaluation of existing memorandums of understanding (MOUs), with a focus on how these agreements address the identification and discipline of employers who are not in compliance with workers' compensation insurance requirements;
- Identification of administrative, procedural, and statutory obstacles that prevent effective information sharing among partner agencies;
- Identification of target industries at an elevated risk of workers' compensation violations;



- Establishment of a proposed calendar of joint enforcement activities;
- Discussion of a Franchise Tax Board proposal to conduct a comprehensive review of identified target trades; and
- Discussion of the need for appropriate legislative proposals to enhance information sharing and cooperative enforcement efforts.

Enforcement division staff will discuss these issues and the JESF subcommittee meeting at the September 2016 Board meeting. It is anticipated that staff will present additional recommendations to the Board at that time as part of CSLB's continuing efforts to increase compliance with workers' compensation insurance requirements.

AGENDA ITEM F-3

2016–18 Strategic Plan Update





CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

ENFORCEMENT OBJECTIVES	TARGET	DESCRIPTION	STATUS
2.1 Implement Memorandum of Understanding with Labor Commissioner’s Office (B)	July 2016	Create partnership to engage and inform Labor Commissioner’s Office staff about provisions and process for directing referrals to CSLB	June 13 and 15, 2016, Enforcement staff met with Labor Commissioner’s staff to review the MOU and to provide training; the referral/partnering process is working
2.2 Update Civil Penalties Assessments (E)	September 2016	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements	Increasing civil penalties was included in the AG cost reduction expenditure plan adopted by the Board on June 23, 2016
2.3 Develop Strategies to Reduce Solar Industry Fraud (E)	December 2016	Develop outreach, education, and enforcement tactics to address deceptive tactics in solar industry	A consumer fact sheet and enforcement strategies have been developed and discussed with the Board; status will be an agenda item for a future Enforcement Committee meeting
2.4 Formalize Strategy to Identify Licensee Misuse of Workers’ Compensation Insurance Requirement Exemption (E)	March 2017	In conjunction with Public Affairs Office, develop education and enforcement program targeted at licensees who employ workers while having workers’ compensation exemption on-file with CSLB	An update regarding workers’ compensation enforcement strategies is included in this Board packet
2.5 Reduce Legal Action Expenditures While not Compromising Consumer Protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources, as well as a strike force to achieve greater legal action settlements	A legal action expenditure reduction plan was reviewed, discussed, and adopted by the Board June 23, 2016
2.6 Expand Proactive Enforcement Targets (B)	July 2017	Develop strategies and partnerships to include public work projects and larger contractors in proactive enforcement efforts	SWIFT staff have increased targeting of unlicensed contractors on larger projects; additional strategies will be discussed at the Joint Enforcement Strike Force meeting September 12, 2016.

AGENDA ITEM G

Executive



AGENDA ITEM G-1

Review and Possible Approval of June 23-24, 2016, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Thursday, June 23, 2016

A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Board Chair Ed Lang called the meeting of the Contractors State License Board (CSLB) to order at 1 p.m. at the Hyatt Hotel, 11999 Harbor Blvd., Garden Grove, CA 92840. A quorum was established.

Board Secretary Linda Clifford led the Board in the Pledge of Allegiance.

Board Members Present

Ed Lang, Chair
Agustin Beltran, Vice Chair
Linda Clifford, Secretary
Johnny Simpson
Susan Granzella
David De La Torre
Kevin J. Albanese

Frank Schetter
Joan Hancock
Pastor Herrera Jr.
David Dias
Marlo Richardson
Nancy Springer
Bob Lamb

Board Members Excused

Paul Schifino

CSLB Staff Present

Cindi Christenson, Registrar
David Fogt, Chief of Enforcement
Rick Lopes, Chief of Public Affairs
Larry Parrott, Chief of Licensing
Laura Zuniga, Chief of Legislation
Gina Zayas, Chief of IT

Cindy Kanemoto, Chief Deputy Registrar
Jessie Flores, Deputy Chief of Enforcement
Ashley Caldwell, Information Officer
Erin Echard, Staff Services Analyst
Kristy Schieldge, DCA Legal Counsel
Stacey Paul, Budget Analyst

Public Visitors

Alex Beltran
Tim Deal
Marlyn Miller
Susannah Wright
Craig Davis
Gal Bigaleizn
Phil Vermeulen
Minda Hoffman

Dave Everett
Caroline Hrycyk
Dawn Benton
Jennifer Kropke
Ryal Giladi
Ken Grossbart
Eric Crandall

Board Chair Ed Lang congratulated Board Members Joan Hancock, Marlo Richardson, and Frank Schetter on their unanimous Senate confirmations. Board Members David Dias, Marlo Richardson and Susan Granzella pledged their oath for reappointed terms ending June 1, 2020. Mr. Lang presented a certificate of recognition to Board Member Bob Lamb for his 10



years of service and dedication to the CSLB. The Board shared a roundtable of thank yous and warm wishes.

B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests

James Hodgson asked the Board to explain the protocol CSLB uses to handle complaints, and referred to a letter that he had mailed to the Registrar. Legal Counsel Kristy Schieldge explained he could not speak before the Board regarding a pending issue. Enforcement Chief Fogt agreed to speak to Mr. Hodgson outside of the meeting room.

Board Member Joan Hancock requested the Board be able to discuss the following items at a future meeting:

- 1) Three-day notices
- 2) Right to cancel contracts
- 3) Electronic signatures
- 4) Service contract financing

C. Legislation

1. Review, Discussion, and Possible Action Regarding Positions on 2016 Proposed Legislation:

Chief of Legislation Laura Zuniga provided updates on:

a. AB 1793 – Contractors: License Requirements: Recovery Actions (Holden)

1. Revise the conditions a contractor must meet for a court to determine that a contractor is in substantial compliance with licensing requirements.
2. Revise the current criteria by which a contractor attempts to resolve his or her failure to be licensed to provide that the contractor acted promptly and in good faith to remedy the failure to comply with licensure requirements upon learning of failure
3. Require (rather than permit) a court to determine that a contract is in compliance with the licensing requirement.

Board Member Comment:

Joan Hancock asked for clarification of the changes made to Business and Professions Code 7031 from the introduced version to the current version.



Kevin Albanese said he believed a “Watch” position does not help and the Board should support the bill instead. It requires people to be licensed in order to get paid. Pastor Herrera Jr. asked for a simple scenario of the bill’s impact. Laura Zuniga provided an example and noted that the Board is not affected.

Bob Lamb stated this bill protects contractors from getting paid, even if they did completely follow the law.

Joan Hancock distinguished between a contractor meaning to do harm and an inadvertent mistake, and that existing law can unreasonably punish a contractor.

Linda Clifford remarked that if contractors aren’t licensed, there would be no payment. Kristy Schieldge provided clarification on existing law.

Frank Schetter offered that existing law is more punitive than was intended, particularly for contracts between general contractors and subcontractors.

Public Comment:

Ken Grossbart strongly encouraged the Board to support the bill.

MOTION: Change recommended position from “Watch” to “Support.” Kevin J. Albanese moved; Frank Schetter seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

**b. AB 2286 – Contractors: Home Improvement Salespersons (Mullin)**

The Board approved the language of this bill at the December 2015 Board meeting. No further action is necessary.

c. AB 2486 – CSLB: License Search (Baker)

This bill would authorize CSLB to add a feature to its current online license check function that allows a consumer to search for a licensed contractor by ZIP code or location, as funds are available or during a scheduled update of the CSLB website. No further action necessary.

d. AB 2693 – Financing Requirements: Property Improvements (Dababneh)

This bill would provide enhanced financial disclosures for consumers regarding participating in a Property Assessed Clean Energy (PACE) program.

MOTION: Approve “Support” position. Augie Beltran moved; Pastor Herrera Jr. seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

e. AB 2859 – Professions and Vocations: Retired License Category: Licenses (Low)

This bill would authorize DCA boards to establish, by regulation, a retired license category for persons not actively engaged in the practice of their profession. No further action necessary.

**f. SB 465 – Contractors Discipline (Hill)**

This bill initially failed to pass out of the Assembly B&P Committee but the author has since amended the bill to require CSLB to conduct a study on whether such a report requirement would benefit its consumer protection mission. Staff will continue to monitor its progress. No further action necessary at this time.

Board Member Comment:

Frank Schetter requested the fiscal impact to the Board. Laura Zuniga stated it is still pending but noted that IT costs would be high.

Kevin Albanese cautioned the Board from using too many resources.

Linda Clifford stated this study is very specific. Kristy Schieldge stated many other boards already do this and CSLB would determine dollar amounts.

g. SB 661 – Protection of Subsurface Installations (Hill)

As proposed to be amended, the bill no longer creates the California Underground Facilities Safe Excavation Advisory Committee overseen by CSLB; it would be under the Office of the State Fire Marshall. No further action necessary.

h. SB 1039 – Professions and Vocations (Hill)

This bill contains the proposed fee increases for several boards within the Department of Consumer Affairs (DCA), including CSLB.

MOTION: Approve recommended “Support” position. Bob Lamb moved; Augie Beltran seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				

Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

i. SB 1195 – Professions and Vocations: Review of Board Actions (Hill)

This bill was intended to address the U.S. Supreme Court’s decision in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*. The bill is now dead and no further action is necessary.

j. SB 1155 – Professions and Vocations: Licenses: Military Service (Morrell)

This bill would require DCA boards to create a fee waiver program for the issuance of a license to an honorably discharged veteran who serves as an active duty member of the California National Guard of the U.S. Armed Forces. The Board previously approved a “Support” position. No further action necessary.

k. SB 1209 – Contractors: Discipline (Morrell)

This bill provides that public disclosure of all complaints against a license that have been referred for accusation or investigation also appear on the license record of any other license that meets criteria specified in the bill. The Board previously approved a “Support” position. No further action necessary.

l. SB 1348 – Licensure Applications: Military Experience (Canella)

This bill requires DCA boards to modify their license application to advise veteran applicants about their ability to apply military experience and training toward licensure requirements. The Board previously approved a “Support” position. No further action necessary.

m. SB 1479 – Business and Professions (BPED)

This bill eliminates the provision of existing law that voids an application after an applicant has failed to reschedule an exam within 90 days of cancellation, or twice failed to appear for an exam.

MOTION: Approve recommended “Support” position. Joan Hancock moved; David De La Torre. seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				



Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

2. Review and Possible Action to Initiate a Rulemaking to Adopt Title 16, California Code of Regulations (16CCR) Section 867.5 – Request for Suspension of Contractor’s License and Proof of Unsatisfied Final Judgment Form and to Amend 16 CCR Section 868 – Criteria to Aid in Determining if Crimes or Acts are Substantially Related to Contracting Business

This bill would clarify the provisions and requirements of B&P Code section 7071.17 related to unsatisfied final judgments against contractor licensees. There are no current regulations that set forth the types of judgments that are considered by CSLB to be substantially related to the license. This new proposal would add references to unsatisfied final judgments to T16 CCR section 868, and would allow the evaluation of these types of judgment-related suspensions using the same criteria currently used for other types of CSLB license suspensions. This would add clarity and consistency to CSLB’s discipline process and provide notice to both creditors and contractors regarding the types of judgments that would be both actionable and reportable to the CSLB, thereby helping ensure compliance with reporting obligations to help reduce the risk of suspension for an unrelated judgment or inconsistent application of the law. T16 CCR section 867.5 would provide a consistent manner by which judgment creditors may request suspension of a contractor license when a final judgment has remained unsatisfied for more than 90 days after the judgment became final.

Board Member Comment:

Joan Hancock asked if this is the final criteria. Laura Zuniga replied that it is not.

Kevin Albanese suggested that the language should be kept broad in nature instead of specifically identifying B&P Code section and subsection. Kristy Schieldge recommended this be done after 45-day public comment period.



MOTION: Direct staff to take all steps necessary to initiate the formal rulemaking process, authorize Registrar to make any non-substantive changes to the rulemaking package, and set the proposed regulations for a hearing. Augie Beltran moved; Bob Lamb seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

D. Public Affairs

1. Public Affairs Program Update

Public Affairs Committee Chair Marlo Richardson informed the Board that the current job openings and email alerts for new postings are now advertised on the CSLB website. Her recap: Staff is finalizing the Going Solar information page. Nearly 520 Senior Scam Stoppers Seminars in total have been conducted. Live captioning is now available at all Board meetings. Public Affairs Office worked with Department of Insurance on its annual “Operation Underground” enforcement operation by coordinating media outreach in the San Diego market.

Public Affairs Chief Rick Lopes updated the Board on the office's activities since the April 2016 Board meeting. Mr. Lopes shared that he is in the process of hiring a new PAO supervisor. The CSLB website user information statistics are more accurate after 12 months of steady numbers. Staff has also created a brochure for educational job fairs to bring people into state service.

Board Member Comment:

Joan Hancock asked what the differences between CSS and SSS are.

Pastor Herrera Jr. noted that the live webcasts are very well done.

Nancy Springer asked if CSLB can add solar issues to SSS.

E. Licensing

1. Review and Possible Approval of May 10, 2016, Licensing Committee Meeting Summary Report

MOTION: Approve May 10, 2016 Licensing Committee Meeting Summary Report. Joan Hancock moved; David De La Torre seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

2. Licensing Program Update

Chief of Licensing Larry Parrott provided updates on staffing and licensing topics, including application workloads, limited liability companies, workers' compensation recertification, the licensing information center, experience verification, and judgments. Processing times for applications to be reviewed are down to four weeks once the documents have been scanned into the system. Mr. Parrott will meet with Board Member Susan Granzella to revise what is being reported in the Licensing Section to improve the efficiency during the board meetings.

3. Testing Program Update

Mr. Parrott provided highlights from the Examination Administration and Examination Development Units. He reported on two recently released classification exams: C-43

Sheet Metal and C-31 Construction Zone Traffic Control. Five exams are in the occupational analysis phase and 10 are in the development phase. The Consumer Satisfaction Survey of those whose complaint cases have been closed is ongoing.

Board Member Comment:

Nancy Springer would like to see more occupational analysis information provided in future updates to understand what takes place.

Dave Dias wanted to know how code is incorporated. Cindi Christenson responded that the Chief of Testing, Wendi Balvanz, will provide an explanation at the next Board meeting.

Pastor Herrera requested a snapshot of changes be included in the reporting information. Mr. Parrott agreed to start including trends.

F. Enforcement

1. Review and Possible Approval of May 10, 2016, Enforcement Committee Meeting Summary Report

MOTION: Approve May 10, 2016 Enforcement Committee Meeting Summary Report. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				



2. Enforcement Program Update

Enforcement Chair Kevin J. Albanese presented highlights from the Intake and Mediation Centers, Investigative Centers, Statewide Investigative Fraud Team (SWIFT), and Case Management. Chair Albanese noted that on June 13, 2016, Enforcement staff met with Assistant Labor Commissioner Eric Rood to renew the commitment to the Memorandum of Understanding and develop new public works enforcement strategies.

Board Member Bob Lamb was acknowledged for his strong commitment to staff training.

3. Review, Discussion, and Possible Approval of a Legal Action Expenditure Reduction Plan

Enforcement Chief David Fogt provided the following Enforcement Committee recommendations to reduce legal action expenditures:

Workers Compensation Insurance (WC) Violations – Pursue criminal, rather than administrative prosecution of WC violations, by:

- Identifying those counties that participate in the California Department of Insurances WC grant program to combat WC fraud, and the assigned deputy DA and DA investigator in each.
- Assign CSLB Enforcement Representatives (ER) to partner with grant-funded counties and their district attorneys. ERs will identify and provide each partnering DA with completed investigations that include insurance fraud violation for the three most significant CSLB offenders within the DA's jurisdiction.
- Seek opportunities to secure a criminal, rather than administrative, filing for egregious unlicensed/uninsured practice violations.

Permit Violations

- Issue informal education – Issue “Advisory Notice” letters when the licensee has mitigated a permit violation by complying with code requirements and paying restitution to any injured party.
- The Advisory Notice will be used to support an administrative legal action if a permit or workers’ compensation violation is repeated.

Legal Action Settlement:



- Revise the disclaimer statement on CSLB's website to confirm that settlement of a citation is not an admission of guilt.
- Review and revise civil penalty assessment as appropriate.
- CSLB-sponsored training for Deputy Attorney Generals for the settlement of appealed citations and accusations.
- CSLB-sponsored training for staff in the resolution of appealed non-licensee citations.

MOTION: Approve Legal Action Expenditure Reduction Plan. Bob Lamb moved; Linda Clifford seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

4. Discussion Regarding Outreach and Enforcement Strategies to Address Deceptive Solar Tactics, Including Video of Recent KCBS-TV Coverage Regarding Consumer Solar Contracts

Enforcement Chief David Fogt discussed consumer complaints relating to licensed and unlicensed solar leasing companies, predatory sales practices, solar financing concerns, and underground economy violations. Chief Fogt discussed planned enforcement strategies, and confirmed solar issues will be an agenda item at a future Enforcement Committee meeting.

Board Member Comment:



Bob Lamb encouraged the Board to watch a news story airing tomorrow morning on CBS regarding high-pressure sales jobs, including those by solar contractors.

Joan Hancock would like to include tactics used against senior citizens by Home Improvement Salespersons.

Nancy Springer mentioned this could provide a good opportunity to partner with Pacific Gas and Electric in outreach efforts.

Johnny Simpson offered his assistance.

Pastor Herrera Jr. urged the Board to move forward quickly to include solar in Senior Scam Stopper seminars because the pressure is high.

Frank Schetter would like to discuss leasing companies that subcontract work to contractors at the next Board meeting.

5. Update and Report on Consumer Satisfaction Survey

Deputy Chief Jessie Flores introduced and discussed the 2015 Consumer Satisfaction Survey. Deputy Chief Flores noted the majority of the ratings have remained constant for the last five years.

G. Executive

1. Review and Possible Approval of April 6, 2016, Board Meeting Minutes

MOTION: Approve April 6, 2016, Board meeting minutes. David Dias moved; Augie Beltran seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				

Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

2. Review, Discussion and Possible Approval of 2016-18 Strategic Plan

Amendments:

Objective 3.2 is moved from “I” Important to “E” Essential.

MOTION: Approve 2016-18 Strategic Plan, with amendments. Linda Clifford moved; Frank Schetter seconded. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

3. Registrar’s Report

a. Tentative 2016 Board Meeting Schedule

- Monday, September 19, and Tuesday, September 20, 2016 – Monterey. Day 1 will be quarterly board meeting. Day 2 will be Board member overview.
- Thursday, December 8, 2016 – San Jose
- Tuesday, March 14 **or** Thursday, March 16, 2017 – San Diego



- Thursday, June 22, and Friday, June 23, 2017 – Southern California. Day 1 will be quarterly Board meeting. Day 2 will be joint discussion with Nevada Contractors Board.

4. Administration Update Regarding Personnel and Facilities

Chief Deputy Registrar Cindy Kanemoto updated the Board on current staff vacancies. The Board has 35 vacancies, which is typical. Ms. Kanemoto also highlighted lease negotiations for field offices, fleet management, contracts, and procurement.

5. Information Technology Update

IT Chief Gina Zayas informed the Board that there will be three new interactive forms for the Home Improvement Salespersons (HIS) registration process posted on the CSLB website on July 5, 2016. This was done to reduce the number of applications rejected or returned. Ms. Zayas also noted the SCORE 2.0 will be used in field office locations by September 2016.

Board Member Comment:

Susan Granzella wanted to know how CSLB is vetting vendors for expired business contracts and if CSLB is still contributing to BreEZe. Gina Zayas replied that CSLB is still contributing.

Ed Lang wanted to know if CSLB can operate without BreEZe. Gina responded that CSLB is able to use the current mainframe.

Bob Lamb mentioned the top 10 countries list has changed. He noted that China is no longer showing up and believes that should be a red flag. Mr. Lamb felt CSLB should explore why.

Nancy Springer asked how the IVR is used to obtain forms.

6. Budget Update

Budget Analyst Stacey Paul informed the Board that CSLB had spent approximately 78 percent of its budget through April 2016, and is now only approving critical spending. By FY 2017-18, the fund condition is expected to have less than one month's reserve, which is why the Board is moving forward with legislation seeking a fee increase. Ms. Paul also gave a breakdown of the CSLB fund condition.

Board Member Comment:

Linda Clifford was concerned that CSLB will not make the projected revenues. Ms. Paul replied that CSLB is still on target to receive its projected revenue.

Election of 2016-17 Board Officers

Nomination Committee members Nancy Springer and Dave Dias provided the recommended slate of officers for Board consideration:

- Augie Beltran, Chair
- Kevin J. Albanese, Vice Chair
- Marlo Richardson, Secretary

There were no open nominations from the floor.

MOTION: Elect Augie Beltran for Chair. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

MOTION: Elect Kevin J. Albanese for Vice Chair. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				



Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

MOTION: Elect Marlo Richardson. The motion carried unanimously, 14–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

The Board recessed at 4:28 p.m.

Friday June 23, 2016

A. Call to Order, Roll Call and Establishment of Quorum

Board Chair Ed Lang opened the meeting at 9 a.m. Mr. Lang welcomed Nevada State Contractors Board (NSCB) members and staff attending. Erin Echard did a roll call and noted that Board Members Paul Schifino and Bob Lamb had an excused absence.

B. Public Comment for Items Not on the Agenda

Augie Beltran thanked Ed Lang for leading the Board in the last year. There were no other comments from Board members.

Susannah Wright, of Solar City, spoke to the Board regarding her company's role in the education and partnerships in the solar industry.

C. Joint Discussion with NSCB and Arizona Registrar of Contractors (AZROC)

An open discussion followed among CSLB, NSCB Board members, and Jeffrey Fleetham, the Arizona Registrar of Contractors. Topics covered were:

1. Discussion regarding economic forecasts for construction industry
2. Review of multi-state partnering accomplishments during the last fiscal year
3. Discussion concerning solar construction and related enforcement trends
 - a. KCBS-TV solar scam news video
4. Overview of public outreach strategies and affiliated media campaigns
 - a. Wildfire damage video
5. Overview of CSLB/NSCB/AZROC enforcement goals and objectives
6. Overview of CSLB/NSCB/AZROC licensing goals and objectives
 - a. 3-D construction video

Augie Beltran departed the meeting at 10:45 a.m.

D. Adjournment

MOTION: Adjourn June 22-23, 2016 Board meeting. Kevin J. Albanese moved; Dave Dias seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran				X	
Linda Clifford	X				
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson	X				
Nancy Springer	X				

Board Chair Ed Lang adjourned the Board meeting at 11:08 a.m.

Augie Beltran, Chair

Date

Cindi Christenson, Registrar

Date

AGENDA ITEM G-2

Registrar's Report

a. Tentative 2016–17 Board Meeting Schedule

- December 2016 – Thursday 12/8
San Jose
Day 1 – Quarterly Board Meeting (mid-day)
- March 2017 – Tuesday 3/14 OR Thursday 3/16
San Diego
Day 1 – Quarterly Board Meeting (mid-day)
- June 2017 – Thursday 6/22 and Friday 6/23
Southern California
Day 1 – Quarterly Board Meeting (afternoon)
Day 2 – Joint Discussion with NSCB (morning)



AGENDA ITEM G-3

Administration Update Regarding Personnel and Business Services

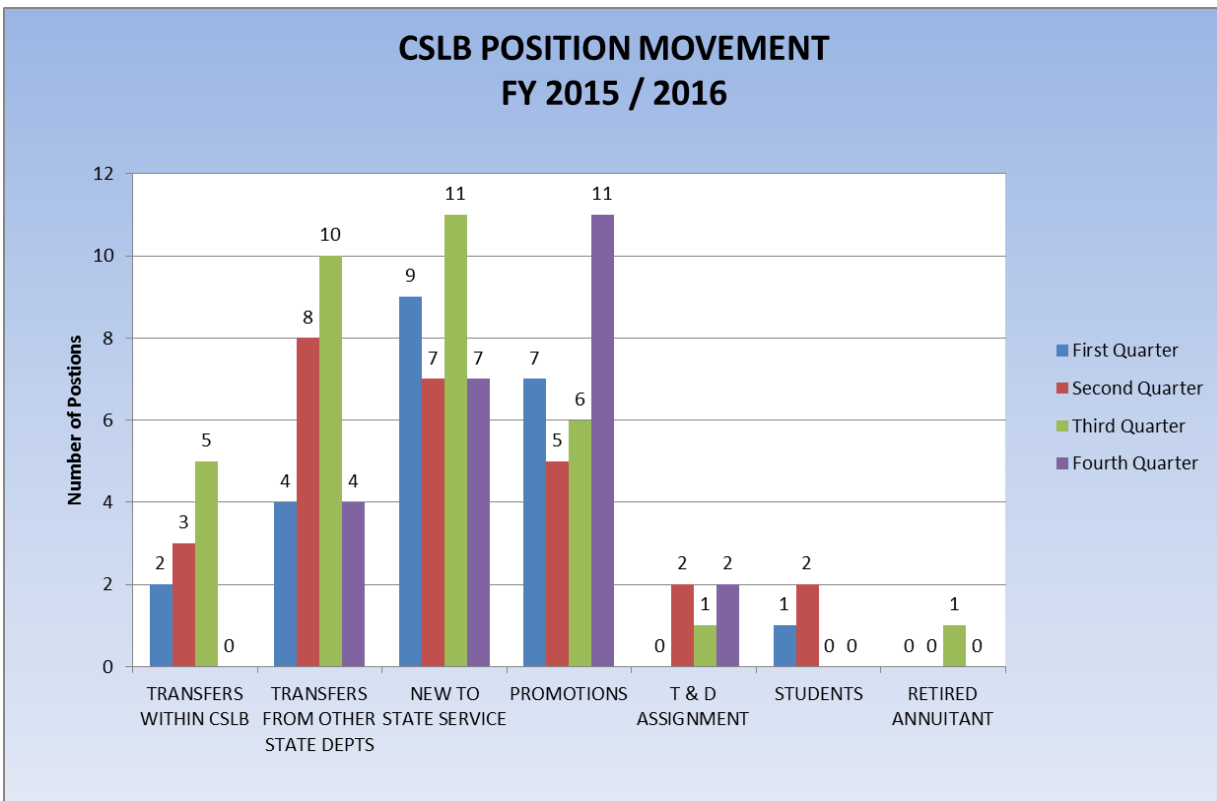
- a. 2016–18 Strategic Plan Update





Personnel Update

During the final quarter of fiscal year 2015-16, CSLB personnel staff completed 24 recruitment transactions, which included the addition of four new employees from other State agencies and seven employees new to State service. In addition, eleven employees were promoted within CSLB and two employees accepted training and development assignments.

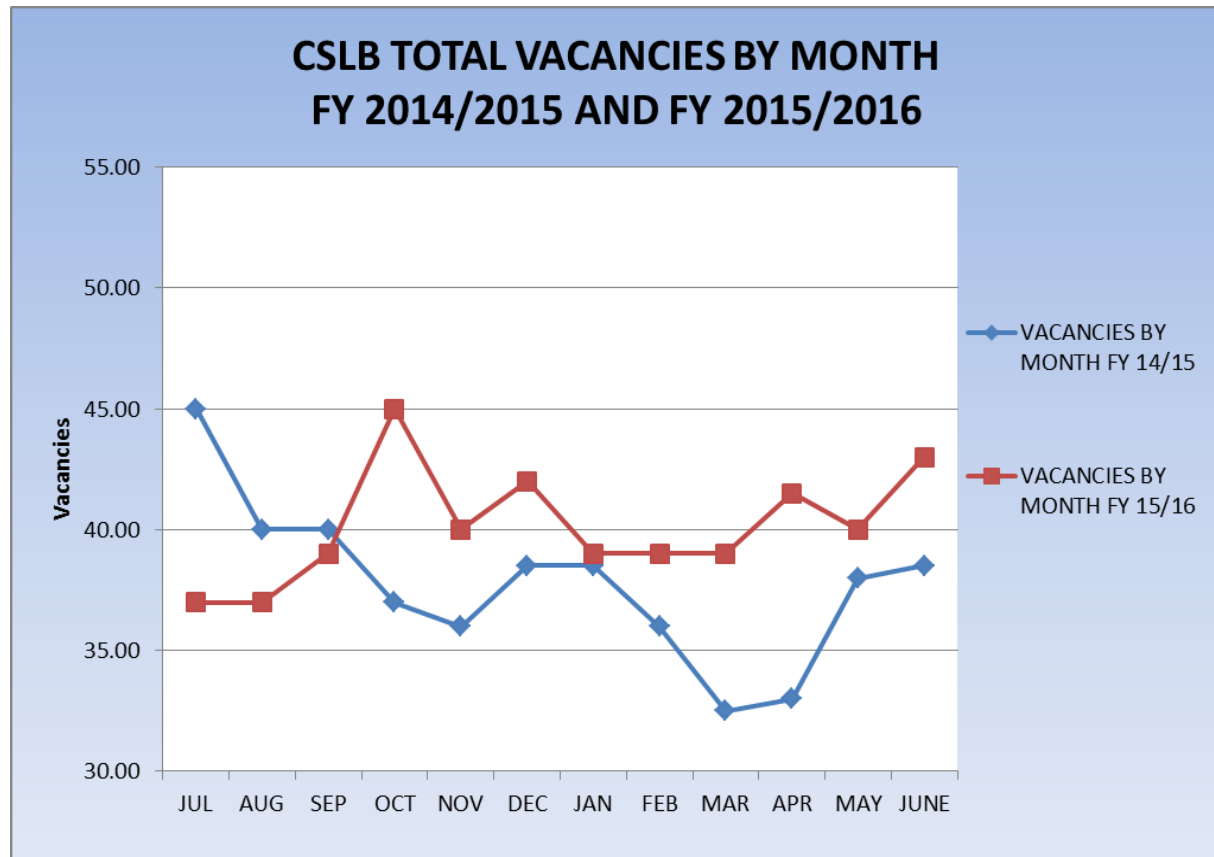


In July 2016, DCA selected the CSLB Personnel Unit to participate in the Examination and Certification Online System (ECOS) "Job Posting Pilot Program." During this pilot program, DCA has delegated CSLB responsibility for creating job controls and posting vacancies for six months, tasks that DCA did previously. Personnel staff attended training provided by DCA regarding this process, and have posted vacancies since August 2016. A successful pilot program may lead DCA to delegate to CSLB additional duties, which would streamline the process by reducing delays with DCA and expedite the hiring process.

Personnel staff continues to work with CSLB's Public Affairs Office to publicize job vacancies through regularly updated links on the public website and weekly email alerts to interested parties.



With the recent influx of new staff to CSLB, Personnel coordinated ergonomic trainings and evaluations at CSLB Sacramento headquarters and field offices. In August 2016, the Personnel Unit hired two seasoned analysts and will be fully staffed in mid-September.



As illustrated in the graph above, fourth-quarter vacancies are higher as compared to the same timeframe last year. Personnel staff continue to work closely with DCA and CSLB management to reduce the number of vacancies. Earlier in 2016, the recruitment and hiring process had slowed significantly with the implementation of the ECOS system; however, marked improvements in approval times of new hires is helping to reduce the vacancy rate.

A limited number of list-eligible candidates also had an impact on filling vacant positions. Additionally, several examinations were administered between June 2016 and August 2016, including those for the Consumer Services Representative (administered approximately every two years), Enforcement Supervisor (approximately once a year), and Enforcement Representative (approximately twice a year) classifications, which should help to reduce the number of vacancies in future quarters.

**Examinations**

DCA and CalHR offer several examinations throughout the year as shown in the following table:



ENFORCEMENT		
Consumer Services Representative	Last exam administered in:	August 2016
	Tentative exam date:	TBD
Enforcement Representative I	Last exam administered in:	June 2016
	Tentative exam date:	December 2016
Enforcement Representative II	Last exam administered in:	June 2016
	Tentative exam date:	TBD
Enforcement Supervisor I/II	Last exam administered in:	August 2016
	Tentative exam date:	TBD
INFORMATION TECHNOLOGY		
Assistant/Associate/Staff Information Systems Analyst (CalHR)		Continuous
Systems Software Specialist I/II/III (CalHR)		Continuous
LICENSING		
Supervising Program Technician III (CalHR)		Continuous
TESTING		
Personnel Selection Consultant I/II	Last exam administered in:	November 2015
	Tentative exam date:	TBD
Test Validation & Development Specialist I/II	Last exam administered in:	August 2015
	Tentative exam date:	TBD
ALL CSLB		
Information Officer I, <i>Specialist</i> (CalHR)		Continuous
Management Services Technician (CalHR)		Continuous
Office Services Supervisor (CalHR)		TBD
Office Technician (CalHR)	Last exam administered in:	November 2015
	Tentative exam date:	TBD
Office Assistant (CalHR)	Last exam administered in:	December 2015
	Tentative exam date:	TBD
Program Technician I/II/III (CalHR)	Last exam administered in:	October 2015
	Tentative exam date:	TBD
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)		Continuous
Staff Services Analyst Transfer Exam	Tentative exam dates:	February/June Sept./December
Staff Services Manager I/II/III (CalHR)		Continuous

**BUSINESS SERVICES****Facilities**

San Bernardino – The contractor and the Department of General Services (DGS) are still awaiting approval on the final plans from the State Fire Marshal. Upon approval of this plan, the project schedule work can proceed.

Projected Completion Date: **October 2016**

Norwalk – The Enforcement division office modifications have been completed, which include: new paint and carpet; security cameras; security card readers; countertops; and cabinets. In addition, the Testing division office was reconfigured for better workflow. This office also was repainted, the carpet cleaned, and new security card readers were installed. A final walk-through is scheduled for September 2016.

Projected Completion Date: **September 2016**

San Diego – CSLB met with the DGS Space Planner and Real Estate Officer to identify necessary modifications for the new lease, which include new paint and carpet for both the Enforcement and Testing division suites. The Testing division suite also will receive some minor modular modifications and a new side window for the ADA testing room.

Projected Completion Date: **March 2017**

Sacramento Headquarters – The DGS space planner is currently working with CSLB staff to identify the modifications for inclusion in the lease renewal, which will include: a new security card reader system; key lock replacement throughout the entire building; construction of a media room for the Public Affairs Office; construction of a utility cage in the warehouse; re-painting walls; installation of new carpet; installation of new projector screens; construction of a security guard station in the front lobby; and installation of new privacy panels on all doors in the restrooms.

Projected Completion Date: **December 2017**

Oxnard – CSLB submitted lease renewal documents for the Oxnard Enforcement and Testing division offices to the Department of Consumer Affairs (the current lease expires on April 31, 2018). Modifications to this office will include new carpet and paint, new security key card access in the Testing division Test Center, and new storage cabinets for testing candidates.

Projected Completion Date: **May 2017**



San Francisco – CSLB met with the DGS Space Planner and Real Estate Officer to identify the necessary upgrades for the new lease; the only changes required are new paint and carpet cleaning.

Projected Completion Date: **September 2018**

Valencia – CSLB met with the DGS Space Planner and Real Estate Officer to identify the upgrades needed for the new lease. Changes include new paint and carpet, and the installation of a second exit door.

Projected Completion Date: **April 2018**

Fresno – CSLB submitted lease renewal documents for the Fresno Enforcement and Testing offices to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on October 31, 2018). Changes include new paint and carpet, and the installation of additional storage cabinets.

Projected Completion Date: **September 2018**

Contracts and Procurement

Contracts in Process:

- Renewal of California Highway Patrol contract to provide security services for various meetings and testing offices;
- Renewal of shredding contract for various field offices;
- Shredding services for Sacramento headquarters; and
- Amending 10 copier contracts on 30 copiers to reflect increased usage.

Procurements in Process:

- Polo shirts for Enforcement division staff;
- Field vests for Enforcement division staff;
- Camera equipment for the Public Affairs Office; and
- Forklift for the warehouse.

Executed Contracts/Procurement:

- New batteries for large UPS machine; and
- Additional access key cards for the Norwalk and Sacramento offices.

**Fleet Management****Vehicle Purchases:**

- CSLB submitted the 2015-16 Fiscal Year Fleet Acquisition Plan to the Department of Consumer Affairs (DCA), which included a request for eleven (11) replacement vehicles:
 - Four Ford Fusion Hybrids (1-San Diego IC, 2-Valencia IC, 1-West Covina IC)
 - Five Chevrolet Impalas (1-Fresno SWIFT, 2-Norwalk SWIFT, 2-Sacramento SWIFT)
 - One Chevrolet Silverado Truck (1-Sacramento IC North)
 - One Nissan Leaf (1-Sacramento SWIFT)



CONTRACTORS STATE LICENSE BOARD

STRATEGIC PLAN – 2016-18 OBJECTIVES

(E) “Essential”

(I) “Important”

(B) “Beneficial”

ADMINISTRATION OBJECTIVES	TARGET	DESCRIPTION	STATUS
6.1 Partner with DCA to Implement Live Captioning Contract (E)	December 2016	Increase accessibility to public meetings and compliance with the Americans with Disabilities Act	Completed – using DCA-wide contract for live captioning service
6.2 Develop Succession Planning, Mentoring, and Upward Mobility Program for Staff (E)	June 2017	Assess job requirements and skills of existing employees and seek to fill the gaps between needs and skills with targeted training and development activities	Currently redesigning and preparing for a re-launch of an expanded version of the previously successful CSLB Career Counseling Program
6.3 Assess/Enhance Security and Safety Procedures for All CSLB Facilities (I)	June 2017	Examine the security and safety of all CSLB facilities to identify and enhance areas that require improvements	Currently focusing on locations with upcoming lease renewals and determining physical security needs so that modifications can be included in the lease renewal agreements
6.4 Evaluate Enforcement Division Staffing Levels (B)	September 2017	Determine if additional personnel are needed to meet CSLB Enforcement division goals	Personnel Office Manager working with Enforcement division management to identify staffing issues and recruitment efforts
6.5 Enhance Onboarding and Orientation Program for New Staff, Managers, and Board Members (I)	December 2017	Increase communication and foster cohesive mission-oriented working culture	Currently researching best practices of other organizations and tailoring them to CSLB needs
6.6 Research and Implement a Special Investigator Classification Series (E)	June 2018	Examine feasibility of establishing new classification to improve recruitment and retention of Enforcement staff	Working closely with DCA Office of Human Resources to research the feasibility and complexity of this issue
6.7 Pursue Salary Differentials in Regions with Higher Living Costs (E)	June 2018	Define and pursue opportunities to pay competitive wages in high cost of living sections of the state to improve recruitment and reduce employee vacancies in these areas	Initial contacts made with DCA Office of Human Resources to identify the feasibility and mechanism to address this issue
6.8 Determine Requirements and Procure Equipment for Full Service Broadcast Studio (I)	June 2018	In conjunction with Public Affairs Office, identify and purchase necessary equipment needed for video/audio production (Timing is dependent on CSLB Headquarters building lease negotiations)	In the requirements gathering and design phase of adding this to current lease negotiations for CSLB Headquarters.

(E) “Essential”	(I) “Important”	(B) “Beneficial”	
<p>6.9 Review Consumer Service Representative Job Classification (B)</p>	<p>June 2018</p>	<p>Expand the qualifying degrees and required courses to increase the applicant pool for recruitment (May have to be coordinated with CalHR modernization project)</p>	<p>Plans to enhance outreach to potential applications via Internet, PAO blasts, social media outreach, etc.; in addition, CSLB recently offered CSR exam, which will expand hiring pool; vacancies have tapered off</p>

AGENDA ITEM G-4

Information Technology Update

a. 2016–18 Strategic Plan Update





Implementation of Home Improvement Salesperson (HIS) Online Registration

The HIS Online Project is in the design and development phase. IT staff is enhancing the HIS application to provide online processing functionality and staff is currently working on system requirement specifications. IT Programming and Licensing staff continue to collaborate to meet HIS requirements and ensure successful project implementation. The HIS online system will allow licensed contractors to associate with and disassociate from HIS registrants via the CSLB website. Once IT fully implements this project, HIS applicants will be able to pay registration fees online.

BreEZe

The design, development, and implementation contract (with Accenture) for the BreEZe project ended with the implementation of Release Two. However, the vendor continues to perform the maintenance and operation (M&O) services for Release One and Two boards/bureaus/committees under the existing M&O contract. DCA will perform a formal cost/benefit analysis to look at viable options for Release Three boards/bureaus/committees before moving forward with an online solution. Boards formerly in Release Three have been instructed to document their business processes and requirements to ensure the future solution for their automated system matches their business needs.

CSLB recently awarded a consulting contract to the Visionary Integration Professional, LLC to assist with completing the Board's "as is" and "to be" business processes, conduct business requirements gathering sessions, and prepare business requirements documentation for a potential online licensing application. This exercise will allow CSLB to identify business requirements that will prepare the Board to move forward with an online application, whether with BreEZe or with another online solution. This short-term, one-year contract began September 2, 2016, and continues through August 30, 2017.

SCORE Translator Project - STARS

The SCORE development staff successfully rolled out a replacement for the existing translator examination system, called STARS (SCORE Translator and Recording Suite), to all testing sites. On August 9, 2016, Berkeley was the final testing center site to receive the upgrade. The new system enables bilingual CSLB staff located at remote test sites to listen to the translation of test questions by testing proctors to contractor candidates via a live audio stream. The STARS system ensures that exam proctors who provide language translation are not giving answers or any other assistance to testing candidates in lieu of translating test questions. The new process also has greatly reduced testing staff time for preparing recording equipment from 45 minutes to less than 10 minutes.

**CSLB Change Control Committee**

In August 2016, as part of meeting its strategic plan objectives, the Information Technology unit established an internal Change Control Committee (CCC), consisting of executive management to review and prioritize IT project requests and work efforts. The committee is intended to ensure that IT workload and resources are assigned to mission-critical projects that match CSLB's strategic goals, objectives, and legislative mandates while maintaining continued operations.

The first CCC meeting was held on August 24, 2016, and will meet bi-weekly, or as-needed, depending on critical needs. The process will foster improved communication and collaboration between CSLB executive management and IT staff, as well as help effectively plan and direct IT resources in completing new CSLB initiatives.

Statewide Investigative Fraud Team (SWIFT) Investigator Cell Phone Upgrade

In August 2016, the Information Technology unit outfitted Northern and Southern SWIFT teams with new Samsung smartphones.

Smartphones are mission-critical tools that allow Enforcement staff in the field to use navigation, email, and texting, and provide access to CSLB's Intranet and other permitted websites to perform investigative duties. These devices should improve investigation activities and save staff time.

Central SWIFT, based in Fresno, is scheduled to receive the smartphones in early September 2016. Phase 2 of this deployment for the remaining Enforcement staff is expected in the latter part of 2016.

Interactive Voice Response (IVR) System

CSLB's IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately. The IVR provides consumers with information on how to file complaints, as well as how to become a licensed contractor. From May 2016 through July 2016, CSLB's IVR handled 106,281 calls, an average of 35,427 calls per month. The system is available 24-hours a day, seven days a week.

Following is a list of the top 20 IVR requests from May 2016 through July 2016.



Top 20 IVR Requests - May '16 - July '16

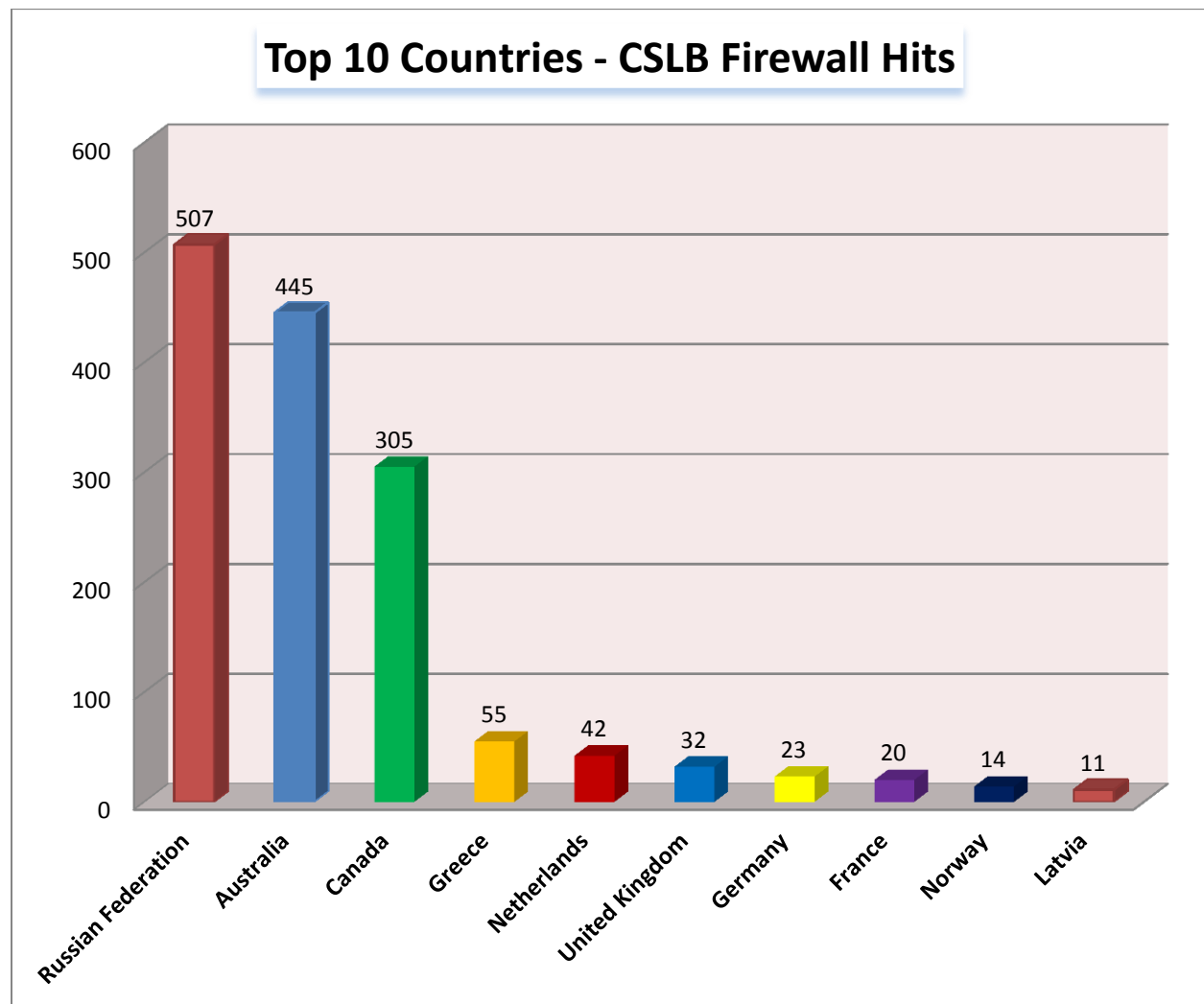
IVR Statistics	May 2016	Jun 2016	Jul 2016	Total
IVR calls received	35,598	36,124	34,559	106,281
Monthly average				35,427
Top 20 IVR Requests	May 2016	Jun 2016	Jul 2016	3 Month Totals
Contactor or Want to Become Contractor	16,686	17,617	16,091	50,394
Info on Maintaining or Changing License	10,300	10,741	9,985	31,026
Contractor's License Check	9,019	9,395	8,574	26,988
Contractor License Application	4,122	4,538	3,990	12,650
License Number Not Known	4,053	4,188	3,774	12,015
About Making Changes to License	3,722	3,786	3,297	10,805
Hire or Problem with Contractor	3,425	3,646	3,204	10,275
About License Renewal	3,301	3,570	3,270	10,141
For Changes to Existing Licenses	2,359	2,344	2,065	6,768
About Continuing Requirements	2,293	2,220	2,390	6,903
Reschedule Exam Date	1,863	1,992	1,846	5,701
License Requirements	1,818	1,869	1,768	5,455
Info on Problems with Contractor	1,586	1,683	1,495	4,764
General Application & Examination Info	1,410	1,628	1,384	4,422
For Changing the Business Structure of an Existing	1,200	1,262	1,058	3,520
To Fax Forms, or To Order Forms by Mail	1,085	1,130	1,068	3,283
Info about Bond or Workers' Comp Requirements	1,074	1,087	830	2,991
Application Status Check	959	793	760	2,512
Info about Workers' Comp Requirements	745	721	1,180	2,646
For Adding Classifications, Certifications or Change	724	698	655	2,077



Enterprise IT Security – Firewall Hits

CSLB's IT staff maintains high security on the Board's information technology networks, systems, and applications. Using a multi-layered defense utilizing various security products (Next Generation Firewall, anti-spam and anti-virus programs, web filtering, intrusion detection and prevention systems, event management, and correlation tools), CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2016 and July 31, 2016, all of which were successfully denied. To date, utilizing best practices, CSLB's IT security systems have successfully safeguarded CSLB information assets, and no unauthorized attempts to penetrate the system have succeeded.





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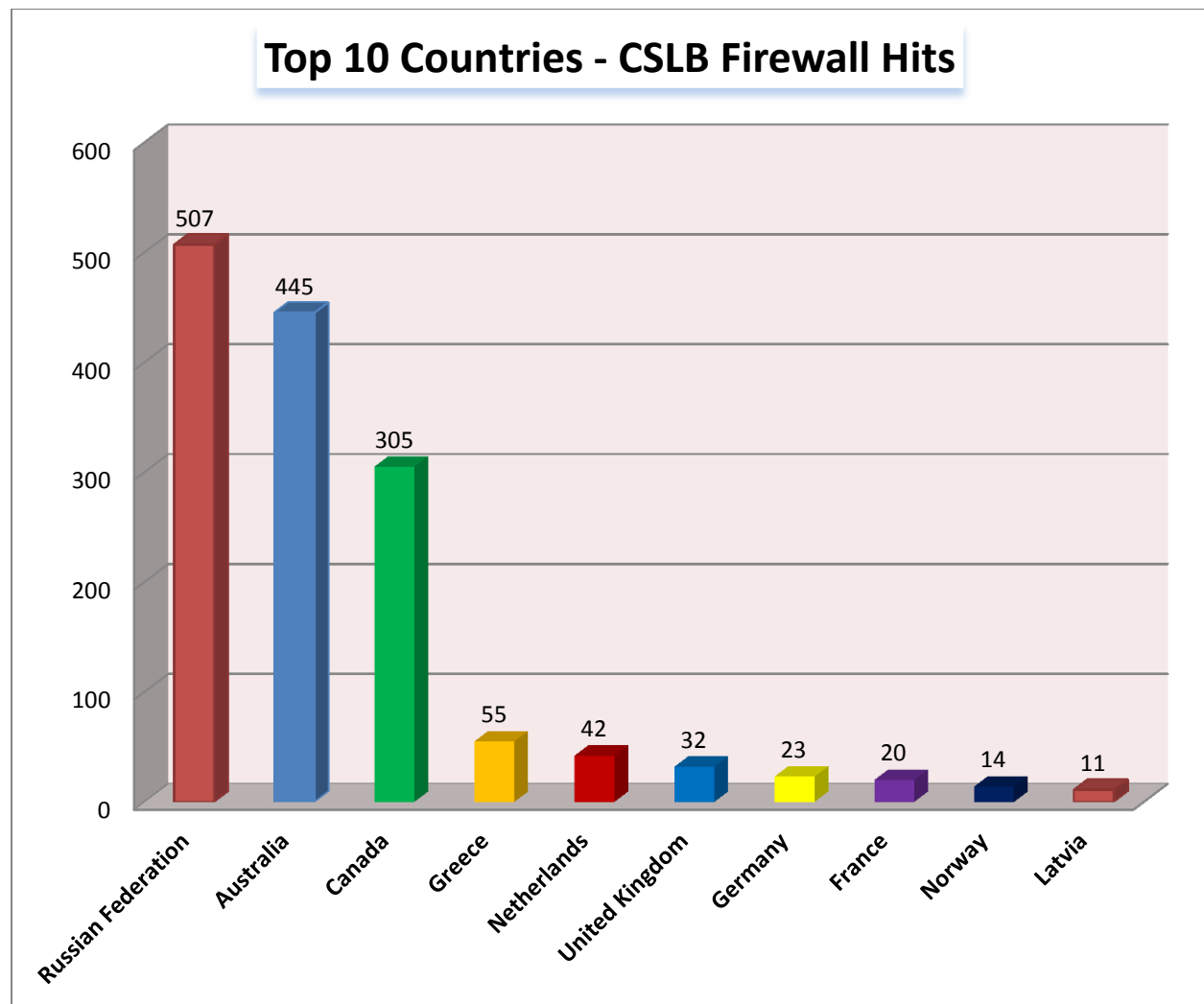
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AGENDA ITEM G-5

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2015-16 CSLB Budget and Expenditures

Through the end of fiscal year (FY) 2015-16 (June 30, 2016), CSLB spent or encumbered \$60.9 million, roughly 94 percent of its FY 2015-16 budget. The chart below details the final CSLB FY 2015-16 budget, including final expenditures:

EXPENDITURE DESCRIPTION	FY 2015-16 FINAL BUDGET	FY 2015-16 FINAL EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	23,076,000	21,749,105	1,326,895	5.8%
Board Members	16,000	16,200	-200	-1.3%
Temp Help	860,000	540,936	319,064	37.1%
Exam Proctor	41,000	158,353	-117,353	-286.2%
Overtime	146,000	145,100	900	0.6%
Staff Benefits	10,996,000	10,645,994	350,006	3.2%
TOTALS, PERSONNEL	35,135,000	33,255,688	1,879,312	5.3%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	21,193,000	20,155,745	1,037,255	4.9%
Exams	436,000	250,357	185,643	42.6%
Enforcement	8,554,000	7,757,983	796,017	9.3%
TOTALS, OE&E	30,183,000	28,164,085	2,018,915	6.7%
TOTALS	65,318,000	61,419,773	3,898,227	6.0%
Scheduled Reimbursements	-353,000	-207,327	-145,673	
Unscheduled Reimbursements		-283,380	283,380	
TOTALS, NET REIMBURSEMENTS	64,965,000	60,929,066	4,035,934	6.2%

❖ Revenue

CSLB received the following revenue amounts for FY 2015-16:

Revenue Category	FY 2015-16 FINAL	Percentage of Revenue	Change from prior year (06/30/2015)*
Duplicate License/Wall Certificate Fees	\$116,149	0.2%	11.0%
New License and Application Fees	\$11,623,727	20.7%	5.8%
License and Registration Renewal Fees	\$39,696,760	71.0%	-0.4%
Delinquent Renewal Fees	\$2,483,750	4.4%	-11.1%
Interest	\$49,628	0.1%	-20.9%
Penalty Assessments	\$1,932,767	3.4%	3.9%
Misc. Revenue	\$127,343	0.2%	-11.0%
Total	\$56,030,124	100.00%	0.4%

* License & Registrations Renewals Fees are based on a 2-year cycle (comparative data is from FY 2013-14, a non-peak renewal year).

**❖ Fiscal Year 2016-17 CSLB Preliminary Budget**

The chart below identifies the preliminary FY 2016-17 CSLB budget included in the 2016 Budget Bill (Senate Bill 826, Chapter 23, Statutes of 2016):

EXPENDITURE DESCRIPTION	FY 2016-17 Approved Preliminary Budget
PERSONNEL SERVICES	
Salary & Wages (Staff)	23,076,000
Board Members	16,000
Temp Help	860,000
Exam Proctor	41,000
Overtime	146,000
Staff Benefits	11,114,000
TOTALS, PERSONNEL	35,253,000
OPERATING EXPENSES AND EQUIPMENT	
Operating Expenses	20,837,000
Exams	436,000
Enforcement	8,800,000
TOTALS, OE&E	30,073,000
TOTALS	65,326,000
Scheduled Reimbursements	-353,000
Unscheduled Reimbursements	
TOTALS, NET REIMBURSEMENTS	64,973,000

❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the final FY 2015-16 reserve (\$19 million – approximately 3 months' reserve), along with the projected reversion amounts for current year (CY) 2016-17 through budget year (BY) 2018-19:

	Final FY 2015-16	Projected CY 2016-17	Projected BY 2017-18	Projected BY+1 2018-19
Beginning Balance	\$23,799	\$19,040	\$11,517	\$2,055
Prior Year Adjustment	\$252	\$0	\$0	\$0
Adjusted Beginning Balance	\$24,051	\$19,040	\$11,517	\$2,055
Revenues and Transfers				
Revenue	\$56,030	\$57,531	\$56,161	\$58,193
Totals, Resources	\$80,081	\$76,571	\$67,678	\$60,248
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$60,929	\$64,973	\$65,623	\$66,279
State Controller (State Operations)	\$0			
Financial Info System Charges	\$112	\$81		
Total Expenditures	\$61,041	\$65,054	\$65,623	\$66,279
Fund Balance				
Reserve for economic uncertainties	\$19,040	\$11,517	\$2,055	\$-6,031
Months in Reserve	3.5	2.1	0.4	-1.1

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2016-17 based on budgeted authority and then assumes growth projected at 1% starting in FY 2017-18, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2016-17 and FY 2017-18.

AGENDA ITEM H

Recess



SEPTEMBER 20, 2016
MONTEREY, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

DAY 2



AGENDA ITEM A

Call to Order, Roll Call, and Establishment of Quorum

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

KEVIN J. ALBANESE

ROBERT LAMB

AUGIE BELTRAN

ED LANG

LINDA CLIFFORD

MARLO RICHARDSON

DAVID DE LA TORRE

FRANK SCHETTER

DAVID DIAS

PAUL SCHIFINO

SUSAN GRANZELLA

JOHNNY SIMPSON

JOAN HANCOCK

NANCY SPRINGER

PASTOR HERRERA JR.



AGENDA ITEM B

Public Comment for Items Not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Overviews of CSLB Division Operations

- a. Testing – Examination Development
- b. Licensing – Processes and Functions
- c. Enforcement – Processes and Resources



AGENDA ITEM D

Adjournment

